



EUROPEAN NEWS

US AND THE SOVIET UNION NARROW GAP BETWEEN THEM IN TALKS ON ARMS REDUCTIONS Partial agreement on 50% nuclear cuts

By William Dulforce in Geneva

US AND SOVIET differences over how to reduce their strategic nuclear arsenals and on space defence projects have narrowed in "small but significant" ways in the latest seven-week round of talks...

conducted its review of US defence policy. The current round will end at the weekend without a date having been set for resumption...

Mr Burt said the US knows of no way to verify effectively limits on the production and storage of the sea-launched missiles...

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Norwegians ponder the security of Nato's north flank

By Anthony McDermott, recently in Oslo

A SPATE of incidents involving Soviet nuclear-powered submarines off northern Norway has not merely raised questions about Moscow's ability to operate such vessels safely...

Drunken British tourists kick hole in Spanish hotel profits

By Peter Bruce in San Antonio, Ibiza

IF THE Spanish Government wants to find out why tourist receipts are falling, the answer is staggering: about 10 in a drunken frenzy in the alleyways of this island holiday resort...

away from a few hotels by Spanish managers. He had taken three hours on Spanish soil to form this penetrating opinion...

Polish MPs to probe murders by police

By David Marsh in Bonn

POLAND'S Parliament is setting up a commission to investigate claims by the Solidarity opposition that police carried out dozens of political murders in the 1980s...

Daimler-MBB deal 'damaging' for W German monopoly body

By David Marsh in Bonn

PROF ULRICH IMMENGA, the former head of West Germany's Monopolies Commission, said yesterday that the advisory board's standing was likely to have been damaged by its qualified vote in favour of the Daimler-Benz/Messerschmitt-Bölkow-Blomh (MBB) takeover...

Unemployment in West Germany rose in July to 1.97m, or 7.7 per cent of the working population from 7.4 per cent in June and 8.3 per cent in July last year...

of the Commission - Prof Carl-Christian von Weizsäcker, an academic economist, Ms Elke Weber-Braun, from the German subsidiary of the Arthur Anderson accounting firm...

Yugoslav inflation rises to record high of 31%

By Aleksandar Labi in Belgrade

YUGOSLAVIA'S monthly inflation rate reached an all-time monthly record of 31 per cent in July, or around 2,500 per cent for the year if present trends continue...

Under the clearing system used for trade between Communist countries, a paper surplus amounts to an unbalanced ledger...

Belgium's premier 'unseated' - The Belgian Government is safe but Mr Wilfried Martens, Prime Minister for nine and a half of the last ten years, has finally been toppled...

French regulators open inquiry into Eurotunnel share trading

By George Graham in Paris and Daniel Green in London

FRENCH STOCK market regulators have opened an inquiry into trading in the shares of Eurotunnel just before the Anglo-French consortium confirmed rumours of severe cost overruns last month...

The London Stock Exchange is also understood to be looking at dealings in Eurotunnel, which is building a high speed rail link under the English Channel between Folkestone, southern England and Sangatte, northern France...

more sharply to FF90.95 on July 25 before recovering when the rolling stock contract was finally announced on July 26 to further fall to FF80.00, more than double the original price...

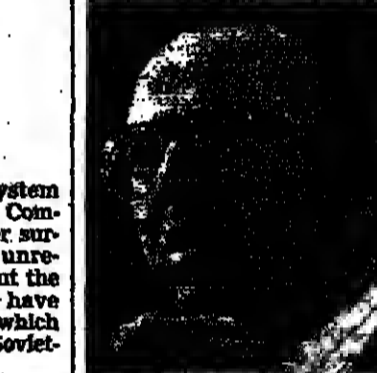
Senior Eurotunnel executives blame persistent reports by a UK newspaper for spreading rumours of a cost overrun in the week before the contracts were awarded...

Italian profitability up

By Alan Friedman in Milan

A SAMPLING of 1,710 Italian manufacturing and service companies in both the private and public sectors shows that total net profits rose by an average of 27 per cent last year...

ENI state groups were in profit, were reduced by 85 per cent from L1,776bn in 1987 to L249.5bn...



Unseated: Wilfried Martens

Bulgarian refugees set up camp in Turkey's city of minarets Bursa, the old Ottoman capital, is swelling with East European migrants searching for new homes, writes Jim Bodgener

FOREIGN licence plates are commonplace in mid-summer on the leafy streets of Bursa in north-west Turkey. Gleaming Mercedes driven by holidaying "gasterbeiter" - guestworkers from West Germany - mingle with the campers and caravans of foreign tourists, many from Arab countries south of the border...

on the last leg of their journeys from Bulgaria. More than 200,000 ethnic Turks from Bulgaria have trooped into Turkey since May - driven out or escaping forced assimilation by Sofia...

Two Turkish hunger strikers died from dehydration yesterday after being moved to a prison in Aydin near the Aegean coast from one in Ekişehir late on Tuesday...

Most of the Bulgarian emigrants have long-lost friends and relatives in Turkey but they are often elderly, with limited accommodation and means...



orderly rows of tents, equipped with an open-air canteen and latrines. The factory employs 100 of the camp's Bulgarian Turks...

expected in a month's time from Ankara, perhaps by building new homes. Mr Sahinoglu admits to sleepless nights...

Such charges might have been dismissed by Mr Gencoglu, but even city officials admit that the Bulgarian Turkish business elite has employed 10,000 immigrants...

Published by the Financial Times (Europe) Ltd, Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and as member of the Board of Directors, F. Barlow, R.A.F. McLean, G.T.S. Damer, A.C. Miller, D.R.P. Mann, Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southbank Bridge, London SE1 9HT. The Financial Times, London SE1 9HT.



OVERSEAS NEWS

Japan will transfer technology to EC in response to 1992

By Stefan Wagstyl in Tokyo

JAPANESE companies will respond to the 1992 economic integration of the European Community by transferring technology to Europe in order to avoid trade friction, says a report from the Industrial Bank of Japan.

As a result, business links between Japan and Europe will be strengthened through increased investment in the EC by Japanese companies. The bank's hard-hitting report says the EC states will naturally protect their own industries.

S African groups extend disobedience campaign

By Patil Waldmeln in Johannesburg

SOUTH African anti-apartheid groups have said they will extend their civil disobedience campaign to include segregated schools, parks, swimming pools and mining facilities.

Madagascar agrees \$3m debt-for-nature deal

By Nancy Dunne in Washington

A \$3m debt-for-nature swap has been agreed with the Central Bank of Madagascar, seven commercial banks and US agencies. The deal, announced yesterday by the World Wildlife Fund and the US Agency for International Development (USAID), is likely to be the first in a series of similar projects in Africa to promote conservation efforts while reducing developing country debt.

Hong Kong to go ahead with airport in early 1990s

By John Elliott in Hong Kong

HONG KONG'S Government is planning to announce in mid-October that it will build a new international airport in the early 1990s which will cost around HK\$600m (US\$76m) and will give the colony's economy an urgently needed medium-term boost.

Douglas back in NZ Cabinet

By Terry Hall in Wellington

MR Roger Douglas, New Zealand's former minister of finance who was sacked by Prime Minister David Lange for disloyalty eight months ago, was yesterday re-elected to the Cabinet by fellow MPs.

Iran's new president faces growing pressure on hostages

By Kamran Fazel in Tehran and Victor Mallet in London

HOJAOLESLAM Ali Akbar Hashemi Rafsanjani, the most powerful man in Iran, was sworn in as executive President yesterday in the midst of the Lebanese hostage crisis and the related power struggles in Iranian politics.



President Rafsanjani (left) and Ayatollah Khamenei listened to the reading of a decree confirming the new president yesterday.

Palestinians edge closer to Israeli Labour

By Hugh Carnegie in Jerusalem

LEADING Palestinians in the occupied territories and the Israeli Labour Party appear to have signalled converging positions on proposals for elections in the West Bank and Gaza Strip during a visit by a senior US State Department official.

Arafat reasserts peace strategy

By Jihan el-Tahri and Lamis Andoni in Tunis

MR YASSIR ARAFAT, leader of the Palestine Liberation Organisation, yesterday opened the fifth Congress of his mainstream Fatah group with a speech reasserting his commitment to the PLO's current peace strategy but stressing that the Palestinians would not abandon legitimate armed struggle against Israeli occupation.

Indian troop pullout deal faces problems

By David Housego in New Delhi

A POTENTIAL agreement between India and Sri Lanka over Indian troop withdrawals from Sri Lanka ran into difficulties yesterday. Sri Lanka is understood to have reproached the Indian government for backing down from positions on which it believed a consensus had been reached.



Arafat: armed struggle

Glimmer of peace across the Cambodian 'killing fields'

Robin Pauley assesses the chances of success for the international conference which began in Paris this week

THERE was a good deal of beaming in and around the Avenue Kleber conference centre in Paris where the first phase of the international conference on Cambodia took place this week. Delegates congratulated themselves on making the sort of progress in two days that has been known to take many weeks (Afghanistan peace talks) or many years (Vietnam peace talks). But the glee is certainly premature.

The Cambodian Government, facing a likely civil war after Vietnam withdraws its troops in September, has introduced three-year conscription for men over 16. Reuter reports from Bangkok. Phnom Penh has an army estimated at 40,000 troops, mainly infantry, against 20,000 to 40,000 Chinese-supplied insurgents.

Prince Sihanouk who was not only ousted by the Khmer Rouge but subjected to abuse by them including prolonged brain-washing. Khieu Samphan, the current Khmer Rouge leader who is widely regarded as front man for Pol Pot and who despises the Phnom Penh 'puppet government', Son Sam, a French-educated pro-western former prime minister and leader of a moderate resistance faction who has lived in exile for more than 20 years.

SOUTH Korean security police yesterday released Mr Kim Dae Jung, the country's main opposition leader, after a 20-hour interrogation over alleged links to North Korea. Maggie Ford reports from Seoul. Mr Kim, who has strongly denied a report that he wrote to North Korean President Kim Il Sung, said the security police had offered no evidence of any wrongdoing. They obtained a court order to question Mr Kim after it was revealed a politician in his Party for Peace and Democracy secretly visited North Korea last year.

WORLD TRADE NEWS

# Republicans plan body to oversee East Bloc exports

By Nancy Dunne in Washington

TWO influential Republican senators are developing plans to create an agency to oversee US export controls in the hope of ending the bitter inter-agency funding which has slowed governmental approval of sensitive high technology exports.

The senators are usually ranged on opposite sides of the fence, with Senator John Heinz of Pennsylvania favouring the liberalisation of controls and Senator Jake Garn of Utah backing Pentagon concerns over national security.

Both agree, however, that the present structure governing export controls, which gives responsibility to the Commerce and State departments and the Pentagon, is hampered by "bureaucratic warfare and procedural uncertainties."

In a separate initiative, Mr Heinz has written to Mr James Baker, the Secretary of State, to urge development of a liberalising technology transfer programme for Hungary and Poland.

The scheme would include adoption of a "differential" similar to the "greenline" negotiated for China within the Coordinating Committee for Multilateral Export Controls (CoCom), the body that oversees the export of sensitive technology to the Eastern Bloc which permitted sales of higher level technology than that going to the USSR.

The Senator also called for government-to-government customs agreements and strategic trade agreements with Poland and Hungary, which would allow the US to investigate and correct breaches of customs law. The aim would be to ensure that technology had not been illegally diverted.

"The changes taking place in the Eastern Bloc afford us unprecedented challenges and opportunities to begin a new, more co-operative era in East-West relations," Mr Heinz said on Wednesday.

The most recent brawl over export controls occurred last month when Mr Robert Mosbacher, the Commerce Secretary, eased curbs on personal computers export to Western destinations and sought similar liberalisation within CoCom. Mr Richard Cheney, the Defence Secretary, publicly criticised the decision and said it would give the Soviet Union increased military capabilities.

Mr Heinz said such disputes could best be solved by a new agency which put under one roof the Bureau of Export Administration from the Commerce Department; the Office of Munitions Control from the State Department; and the Defence Technology Security Administration from the Pentagon.

The new independent, Cabinet-level Office of Strategic Trade and Technology would oversee dual-use technologies, defence trade, proliferation issues, and economic security matters.

# Super 301 condemned by Latin Americans

TWENTY-SIX Latin American and Caribbean nations have rejected and condemned unilateral sanctions contemplated under the so-called Super 301 provision of the 1988 US trade law, Reuter reports from Cartagena, Colombia.

The statement, issued on the final day of a ministerial meeting of the 26-nation Latin American Economic System (Selsa), said the trade law's provisions for the imposition of unilateral sanctions were contrary to the norms and principles of Gatt.

The statement recalled that, in addition to Washington's list published in May of countries it considered had hindered trade and investment, the US also cited six Latin American nations as not providing adequate protection for intellectual property rights.

"The ministers of Latin America and the Caribbean energetically reject and condemn these actions which, like other trade sanctions that the United States of America continues to apply to the region's countries, cause serious harm to our economies," the Selsa statement said.

Under the trade law, Washington could consult and negotiate with these countries and, if no accord was reached, it could impose sanctions.

Brazil, together with Japan and India, were cited by the US as countries whose trading activities would have to be subject to negotiations and possible counter-measures under Super 301.

But Washington also identified Argentina, Chile, Colombia, Venezuela, Brazil and Mexico as not providing adequate protection for intellectual property rights, according to the Selsa communiqué.

# US sets a cracking pace for Gatt

William Dullforce meets America's man at the Geneva trade talks

THE US made it clear yesterday that the success of the multilateral talks on the liberalisation of world trade depends on their being completed on time in December 1990. President George Bush's administration would have neither the opportunity nor the disposition to go beyond that deadline, Mr Rufus Yerxa, Deputy US Trade Representative and Ambassador to Gatt, said.

Dismissing the argument that the three-stage programme agreed last week by Gatt's 96 member states of the General Agreement on Tariffs and Trade was unrealistic, Mr Yerxa said it was not only realistic but essential to the success of the Uruguay Round.

It set a nerve-wracking schedule but "if we are really serious about producing results, we can live with it." The Bush administration had to notify Congress by March 1, 1991 of agreements reached in the Gatt talks. It could not let the deadline slip without asking Congress for negotiating authority for another three years and there was "no way" it would do that.

Under the timetable outlined by Mr Arthur Dunkel, Gatt's Director General, governments will have to spell out their positions on all 15 of the trade issues under negotiation in the Uruguay Round by the end of this year.

Between January and August next year negotiators would be expected to strike deals and write draft agreements. From September onwards these would be put together into a comprehensive trade-liberalising package for presentation to trade ministers at a final meeting in Brussels between November 26 and December 8.

Without the pressure of this programme and deadline governments would hold back and

Mrs Carla Hills, the US Trade Representative, will make her first visit to Geneva, the forum for the multilateral trade talks, on September 12.

She will attend a meeting of the US private sector advisory committee on investment policy which is being held in Geneva, to coincide with a meeting of the group negotiating on trade-related investment measures, one of the "new" items on the agenda of the Uruguay Round.

Mrs Hills will meet Mr Arthur Dunkel, Gatt Director General, and senior negotiators from other countries before flying to Bonn, Paris and London for talks with the West German, French and British trade ministers.



Rufus Yerxa setting a nerve-wracking schedule

procrastinate. Mr Yerxa said in an interview, the 38-year-old ambassador, who has just concluded the first three months in his job in Geneva, argued that the Bush administration had already started to dispel the initial flurry of condemnation it provoked, when under clause 301 of its new Trade Act it named Japan, Brazil and India in May as unfair traders.

Washington's demand that these three countries should enter bilateral talks under threat of retaliatory action to settle specific trade complaints from US industry, was seen in Gatt as inconsistent with the US commitment to the multilateral trade talks.

Mrs Hills and the Bush administration had "gone that extra mile" to demonstrate that they were taking a prudent approach to the obligations placed on them by the 301 legislation and were looking for multilateral answers.

Much of the build-up within US industry and business for solutions to trade complaints was now being funnelled into

addressing them was the Uruguay Round. In order to generate the surpluses on the trade and external accounts required to pay off nearly a decade of deficits, the US "inescapably" had to work for the broadest possible participation in a world trading system.

But, Mr Yerxa emphasised, the multilateral approach had to secure results. The outcome of the Uruguay Round could not just paper over loopholes in Gatt that kept a large part of world trade, such as agriculture, services and high technology, out of its purview.

Reform of world farm trade was as big an issue as ever for the Bush administration, Mr Yerxa said. Governments still had a lot of homework to do but the deadlock-breaking agreement reached in April offered a good format for pushing ahead with the talks in the Uruguay Round. The US, having just tabled its proposals for converting border restraints into tariffs and then reducing them, was working on a paper on rules and disciplines, which would cover export subsidies and domestic farm supports. It hoped to present the paper in the autumn.

The US now has a better understanding with the European Community over trade matters than it had six months ago, according to Mr Yerxa. Problems had not gone away but Mrs Hills and Mr Frans Andriessen, the EC External Affairs Commissioner, had established a good working rapport and this was reflected among senior negotiators.

Mr Yerxa said Washington was "very enthusiastic" about Gatt's new trade policy mechanism, of which the US is to be the first target this year. The administration would make available "every ounce of information and every official they want to see" to the Gatt review team.

# Majority of US executives predict post-1992 restrictions

By David Waller in London

TWO-THIRDS of senior US executives are convinced that the European Community will set up significant trade barriers in the aftermath of the creation of the single European market at the end of 1992, according to a report published by KPMG, the international accounting firm.

Opinion is divided on the impact of 1992 on US business in general, but the survey of 872 top businessmen in the high-technology, manufacturing and transport sectors shows that US companies are busy formulating and implementing strategies to deal with the challenge of 1992.

More than 40 per cent believe that the EC's dismantling of internal barriers will have a negative economic impact on US business in general, with 36 per cent thinking that the impact will be positive.

Just over half (51 per cent) think that there will be no

impact either way. Moreover, US executives are convinced that Asian countries and European states outside the EC have more to lose from any protectionist upsurge than the US.

Only a fifth of the businessmen polled - 60 per cent of whom are chief executives - believe that the single European market will be in place on schedule, by midnight on December 31, 1992.

Nearly four in 10 (37 per cent) are actively formulating a strategy to deal with the challenges of 1992; 33 per cent claim to have started putting their plans into action already.

Nevertheless, there is a near consensus (87 per cent) that strategic alliances between US and EC companies will be necessary and that US companies will have to increase their manufacturing presence in Europe.

be needed in order to succeed in the single market.

Marketing and distribution are the key areas for moving ahead in Europe, with 58 per cent thinking that the most important focus for business development in the EC is the possibility of marketing products more widely.

Changing distribution channels and altering export arrangements are also considered important.

It appears that US business investment in the EC will be concentrated in West Germany, France and the UK. Italy, Spain and the Netherlands will probably attract only minor investments.

Strategic Implications of 1992 for American Business, a survey of American executives' perceptions of 1992 and the European Community conducted by KPMG. A summary from Paul Marwick McLintock, 1 Puddle Dock, Blackfriars London EC4V 3PD.

# Cooper Rolls wins Saudi order

By Nick Garnett in London

COOPER Rolls, a joint venture company between Rolls-Royce of the UK and Cooper Industries of the US has won a \$175m order to supply gas turbine plant for oil pumping in Saudi Arabia.

The order involves the supply of 23 gas turbines, each based on the Rolls-Royce RB211 engine, together with control systems, and some retrofit control equipment for existing gas turbine machinery in Saudi Arabia.

The new equipment will be installed at 11 pumping sta-

tions along a pipeline from Saudi Arabia's eastern province to the Red Sea port of Yanbu.

Aramco Services on behalf of the Saudi Arabian Oil company placed the order. The Rolls-Royce portion of the contract is worth \$70m.

## Ryder in Germany

Ryder Systems of the US, the world's largest truck leasing company, has entered the highly regulated West German road transport business to build up its continental Euro-

pean operations with the approach of the single EC internal market after 1992, writes Andrew Fisher in Frankfurt.

With a German fleet of 135 trucks from Ford-Werke and Daimler-Benz Ryder is making its first significant move in mainland Europe. "There is no market we see that offers greater opportunities for the '90s than Europe," said Mr Carl Simmons, Ryder's general manager for European operations.

Ryder is well established in the US with about 7,000 trucks and nearly 1,300 employees. It intends later to become involved in other EC markets such as France and Spain, said Mr Alan White, group director of field services in Europe.

## Soviet imports

The Soviet Union is likely to import \$500m to \$600m of South Korean products, mostly daily necessities, according to Chong Ju-Yung, founder and chairman of the Hyundai Business Group. AP-DJ reports from Seoul.

Returning from a nine-day trip to the Soviet Union, Mr Chung also said the Soviet Union had proposed joint ventures with South Korean partners in 49 to 50 projects.

Chung headed a 30-member delegation of leading South Korean businessmen to the first session of the Korea-Soviet Business Council held in Moscow.

## Iran talks fail

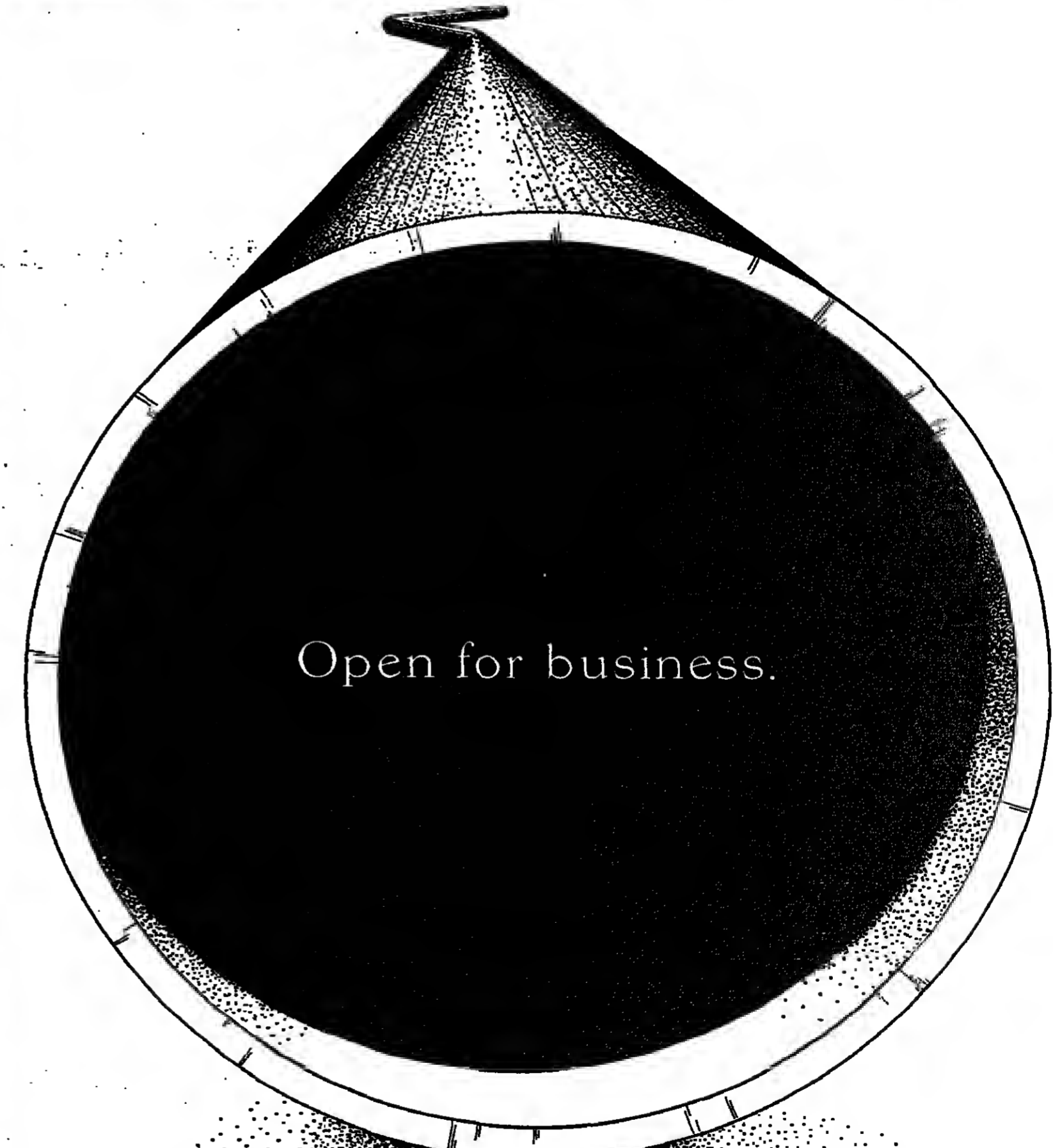
Talks between Mitsui and National Iranian Oil have failed to agree the fate of the stalled Iran-Japan Petrochemical project at Bandar Khomeini, which was badly damaged by air raids in the Gulf War. Reuter reports from Tokyo.

Mitsui has told the Iranians it wants to wind up the joint venture in a "friendly separation," pointing out that resumption of work on the complex is not financially justifiable.

## More Sheratons

Sheraton Asia-Pacific is to open four hotels over the next three years in Australia and Fiji, costing A\$263m (£180m), AP-DJ reports from Hong Kong.

Mr Kevin Carton, senior president of Sheraton, owned by IIT of the US, said the move was in line with the group's strategy to develop luxury hotels for businessmen and resort properties at gateway cities in the Pacific region.



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UK NEWS

## Securities body orders disclosure of investment fees

By Eric Short

LIFE assurance companies and unit trust management groups from next April will be required to tell buyers of life assurance, pensions and unit trusts the effect of expenses on their investments.

Provision of such information is a key element in the final rules on disclosure for life assurance and unit trust products issued yesterday by the Securities and Investments Board (SIB), the financial services watchdog.

SIB's underlying philosophy is its regulatory role has been that consumers should be given full information over the investment products they are buying.

These rules set out the nature of that information in relation to life assurance and unit trust contracts covering not only expenses, but the benefits provided, the underlying investments and taxation implications.

SIB has spent three years considering these rules, with expense disclosure being the thorniest of problems.

The form of disclosure is a percentage deduction from the yield and the information must be provided with 14 days of completion of the sale, not at the time the product is being bought. But surveys have

shown that presenting the information as a percentage deduction is not widely understood by the public.

SIB has followed the views of the life assurance industry on the time of disclosure and ignored those of the Consumers' Association, which wanted the information in money terms at the time of the sale.

The Association said it deeply regretted that its views were not heeded.

SIB also announced a second initiative: a Buyer's Guide which must be given to any purchaser of life assurance or unit trust products at the outset of the sale.

The guide will be produced by the regulatory bodies, not the life companies. It sets out the information which consumers can expect from the salesman, their rights of cancellation and, above all, it explains clearly the difference between the two categories of intermediary - independent or company representative.

Mr John Ellis of the Life Insurance Association, one of the trade bodies representing life assurance intermediaries, welcomed the guide as the best means of ensuring that the public understood what they were buying and who they were buying it from.

## Judge urges ruling on tax liability of foreign states

By Raymond Hughes

A SENIOR judge yesterday called for legislation to clarify what he called "a revolutionary reversal" of the Inland Revenue's previous practice in relation to the liability of foreign states to UK tax.

Lord Justice Dillon said that the Revenue contended that sovereign immunity of a foreign state meant no more than immunity from being sued in the UK courts. It did not mean immunity from income tax.

On the contrary, the judge said, the Revenue contended that foreign states were liable to income tax on certain income that accrued to them

within the UK and that the liability could be enforced against them by any process of set-off that might be available to the Crown.

The only immunity was that it could not be enforced by action in the courts and recovery by judgment.

"This is a revolutionary reversal of previous practice. It is one which can affect very many sovereign states," Lord Justice Dillon said. "The point is important and it is very desirable that it should be clarified by legislation if the Crown intends to maintain the new position," he said.

## Court scuppers Cambrian share sale

By Raymond Hughes, Law Courts Correspondent

AN ELEVENTH-hour attempt to save a \$41m (£24.7m) sale by the US Treasury of shares in Cambrian General Securities, a British investment company, failed in the Court of Appeal yesterday.

The shares were formerly held by Mr Ivan Boesky, the convicted US insider trader.

The court refused to rule an Inland Revenue decision unlawful. The decision struck down an essential part of the deal, which US tax law required to be completed before August 8.

The US Treasury had acquired the shares - about 20 per cent of Cambrian's equity - from Mr Boesky through a New York court order made under the Insider Trading

Sanctions Act, in proceedings brought by the Securities and Exchange Commission, the trading watchdog. Cambrian was at one stage Mr Boesky's UK investment vehicle.

The agreement was for the shares to be sold to Camacoq Corporation of Delaware, which already owns about 70 per cent of Cambrian. Camacoq would then sell its interest to a new wholly-owned UK subsidiary of Leucadia National Corporation, its US parent.

Under US tax law, Camacoq had to acquire not less than 80 per cent of Cambrian before next Tuesday for it and Leucadia to avoid US tax liabilities of about £10m.

An essential part of the transaction was that immedi-

ately after the shares were transferred to Camacoq, Cambrian would declare a dividend on those shares.

Under the 1988 Income and Corporation Taxes Act, recipients of dividends that are not subject to UK tax - such as a foreign state able to claim sovereign immunity - can claim from the Revenue a tax credit equal to the amount of advance corporation tax (ACT) payable on the dividend.

The inspector of foreign dividends at the Inland Revenue initially authorised Cambrian to pay the US Treasury an amount equal to the ACT - about \$8m - avoiding the need for the credit to be reclaimed from the Revenue.

Shortly afterwards, however,

the Revenue changed its mind and revoked the authorisation. Cambrian and Camacoq challenged the revocation decision in judicial review proceedings, arguing that the Revenue had acted unlawfully and unfairly, and had abused its powers.

In the High Court earlier this week, Mr Justice Kennedy ruled that the Revenue had grounds for correcting what it regarded as an error in authorising the payment.

Upholding that ruling, Lord Justice Dillon said yesterday the Revenue believed that the dividend seemed to have been arranged artificially to take advantage of UK tax credit rules and would not be available to other Cambrian shareholders.

## Employers prepare for end of ports stoppage

By Charles Leadbeater

THE national dock strike was drawing to a close last night as it emerged that the employers' organisation which co-ordinated ports' approaches to the strike will soon be wound up.

The governing council of the National Association of Port Employers (Nape), will vote to wind up the association when it meets in two weeks' time. The association co-ordinated the employers' two-year political lobbying campaign to persuade the Government to run the risk of a national dock strike and abolish the statutory National Dock Labour Scheme which regulated employment and conditions in most of Britain's ports.

The break-up of the association passage is intended to end the industry which could lead to more bankruptcies and redundancies.

Ports which were included in the scheme are expected to lower their prices following the 8,000 redundancies among the 9,221 former registered dockers. This will put more pressure on the profitable non-scheme ports which were able to underprice the scheme ports.

Some scheme port employers are confident that with smaller workforces and flexible working practices they will be able to take trade away from the non-scheme ports.

Port employers believe it will take between six months and a year for the industry to settle down after a period of intense competition.

Meanwhile, all but four of the 61 ports previously covered by the scheme are expected to be working normally today.

Bristol's 467 former registered dockers yesterday voted to return to work on Monday when local union officials expect to open talks on a local agreement for the port.

Union officials at Liverpool called on the Mersey Docks and Harbour Company to withdraw contracts sent to 310 men who have said they want to continue working at the port.

The officials said the disciplinary procedures in the contracts would have to be changed before they could recommend a return to work.

## Universities fear drop in engineering candidates

By Nick Garnett

THE NUMBER of school-leavers applying to universities to study engineering fell by 18.5 per cent between 1985 and 1988. For electrical and electronic engineering it dropped by almost a third.

University engineering departments are waiting nervously for this year's figures to see whether a recent severe decline in the number of domestic candidates accepted for courses has been halted.

During the four-year period, demand from industry for engineering graduates has risen around the world. As a result, British universities have kept largely stable the number of engineering courses but at the cost of a reduction in entry requirements.

Mr Jack Blears, of the national research unit for engineering professors, based at Liverpool University, said yesterday that the reduction in standards had so far been only marginal.

But, he added, "Universities are very concerned about the position, particularly at vice-chancellor level."

It is impossible to compare this year's applications for engineering courses with last year's. That is because for the first time school leavers do not have to list in order of preference the subjects they are interested in studying.

Figures from these multiple applications this year, however, might indicate that the decline has been arrested.

By May this year, there had been 86,350 "entries" on application forms for engineering courses starting in the autumn, virtually the same as last year. Some students might enter engineering on their forms up to five times.

That does not necessarily correlate with what will happen to the numbers of school leavers viewed as genuine candidates, although there seems to have been a resurgence in interest in civil engineering.

In October 1988, there were 17,500 candidates for university engineering courses. That fell to 16,700 the following year, then to 15,550 in 1987 and 14,270 last year.

## Secret formula is foundry's fortune

Christine Griffiths on an alternative to high-priced nickel

ALMOST FIFTY years ago Hermann Goering ordered German scientists to invent a nickel-free steel alloy to avoid the Luftwaffe being grounded by dwindling nickel supplies. Recently, a small foundry in the Midlands began producing the Nazi formula to combat soaring nickel prices and found itself overwhelmed by international demand.

Several years ago Mr Dan Taylor, owner of Auto Alloys (Foundries), bought his Derbyshire home from a former president of the Institute of British Foundrymen. In the library - handed over intact - he found references, in publications dating from the Second World War, to German use of nitrogen-alloyed steels in aircraft components. The formula was discovered by a team led by Lord Beaverbrook (who was in charge of British aircraft production), which studied captured German aircraft components. Mr Taylor then found references to two vital alloys registered in Brazil and from this devised his own refined formula which he calls "mean" (manganese-enhanced austenitic nitrogen) steel.

Austenitic refers to the structure of the metal, normally associated with nickel. From such bizarre origins has grown an ingenious solution to Mr Taylor's wrangle with the price of nickel - now more than \$13,000 a tonne. Mean steel has slashed his production costs and finished product price dramatically. Savings of more than 30 per cent will be passed on to customers who buy his automobile turbo-charger casings and heat treatment grids for the general metallurgical industry.

"By judicious use of nitrogen and by capitalising on its undoubted beneficial effects, considerable improvements can be obtained in terms of steel properties and

by the use of what is probably the least expensive of alloying elements," reports High Nitrogen Steels '88 - a publication of notes from a conference held last year in France.

Mean steel's higher strength, corrosion resistance and its ability to withstand greater extremes of temperature than nickel-alloyed steels are the properties which will turn the heads of those in the offshore industry in particular, and also the defence and nuclear industries. Above all, it is vastly cheaper to produce.

Mr Taylor has been bombarded by interested parties from the UK, Japan, Germany and Australia. GKN, the UK engineering conglomerate, has ordered mean steel furnace equipment; Birmid-Qualcast has grids on trial; One of Auto Alloy's main customers, Allied Signal Group's subsidiary Garrett Automotive, is interested in the steel for turbo-charger casings; and more than 20 other companies are discussing stainless mean steel prototypes for various uses, including marine engineering.

The path to Mr Taylor's door has not always been so well beaten. UK interest has been non-existent until very recently. Mr Taylor cites the "not invented here" attitude many UK producers have to innovative technology as the reason that prevents them from embracing new ideas. Tradition is also a powerful factor in acceptance or rejection of new technology, and foundrymen, for the most part, have always used nickel to produce stainless and high-alloyed steels.

The nickel industry is not over-enthusiastic about high-nitrogen steels, however. "If these steels were really likely to

replace nickel-alloyed steels, it would have happened years ago," said the Nickel Development Institute (NDI). The institute is sceptical of the mooted superior qualities of manganese-nitrogen steel over nickel steels and questions whether there is sufficient interest to warrant commercial production.

According to Mr Mike Kurjanek, head of Mining Research at James Capel, UK brokers, Auto Alloys addresses a "small-volume, high-value market." He does not see a widespread nickel-substitution danger, but can recognise a real threat in the specialist high-value market.

However, "getting it accepted as the industry standard is going to be very difficult. There is a natural resistance to change - industry holds the key and when it is ready to change, it will," he said.

Mr Taylor - who has been nominated for this year's MacRobert award, one of the top engineering accolades in the country - has stepped into the limelight before. He spent 10 years developing the "lost foam" process - which is on display at the Science Museum in London - whereby hot metal vapourises polystyrene moulds and takes their shape. By combining this process with mean steel, Mr Taylor thinks he can revolutionise the cast market.

Japanese companies have flocked to Derbyshire with offers to buy the whole business. The Soviet Union has also expressed interest in the process for use in a new automobile facility planned for the Lada car. Mr Taylor concedes that he will now have to give up a minority share in his company to raise the finance required to satisfy the international market for mean steel.

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THE PROPERTY MARKET

# Pressure for change

By Paul Cheeseright

Amendment by amendment, the Government is edging towards the introduction of the uniform business rate on April 1 1990, bringing about the most profound change in decades to commercial property taxing.

According to the Department of the Environment, there are no further changes in the offing to the announced plans for the switch from the old system of locally-based rates payments to the new, centralised system.

But the pressure for change remains. It is the subject of the accompanying article. Still, the latest Government moves respond to the demands for an easier transitional period from the small business lobby.

The first revaluation of commercial properties since 1973 has inevitably meant that

some properties - offices in the south-east especially and prime retail premises nationwide - will face sharp rate increases.

In contrast industrial property users in the midlands and north will have lower rates bills.

To mitigate the pain of the increases, the Government has for long agreed that there should be a transitional period during which the full scale of the higher bill will be phased in.

But, because the Treasury will not accept any diminution of revenue - that is the money

drawn in from the uniform business rate in 1990-91 should be the same as that drawn in from the present system in 1989-90 - there is a matching transitional period for those with lower rate bills.

The Government refined the nature of the transition by differentiating between large and small business. Where the rates bill rises, there is a ceiling of a 20 per cent increase plus inflation each year for the former and 15 per cent plus inflation for the latter.

It estimates that the annual

reduction in rates for those with lower bills will be 15 per cent for small businesses and 10 per cent for the large.

What the Government has now done is to change the definition of what is a small business. 'Small' is classified as a property with a rateable value of £15,000 in London and £10,000 elsewhere, double the previous classification. The effect, said Mr Chris Patten, the Environment Secretary, is that "over 75 per cent of all businesses will benefit from the more generous rateable

threshold."

But the protection for those facing rate increases during the transition is restricted. It applies only to those occupying a property before March 31 1990 and remaining in it. If a property changes hands during the transition then the new occupier has to pay the full rate of increase immediately.

If, on the other hand, the rates bill for a property is lower, the phased decline will continue, whether there is a change of occupier or not.

What all this means is that, as the Inland Revenue puts it, "nearly 700,000 properties in

England benefit from having their increases spread beyond the first year, at the cost of deferring reductions for less than 400,000 properties."

While it is true that the size of a rates bill is rarely the determining factor in deciding on the occupancy of one property instead of another, the immediate cost savings of phasing can be significant.

Baker Harris Saunders calculated the benefit of phasing on a larger City property at £5.00 per square foot and on a West End property at £11.00 a square foot.

But the benefit for an office user in the south is a continuing burden for an industrial user in the north. Hence the continued anger that lower rates arrive in a dribble rather than a flood.

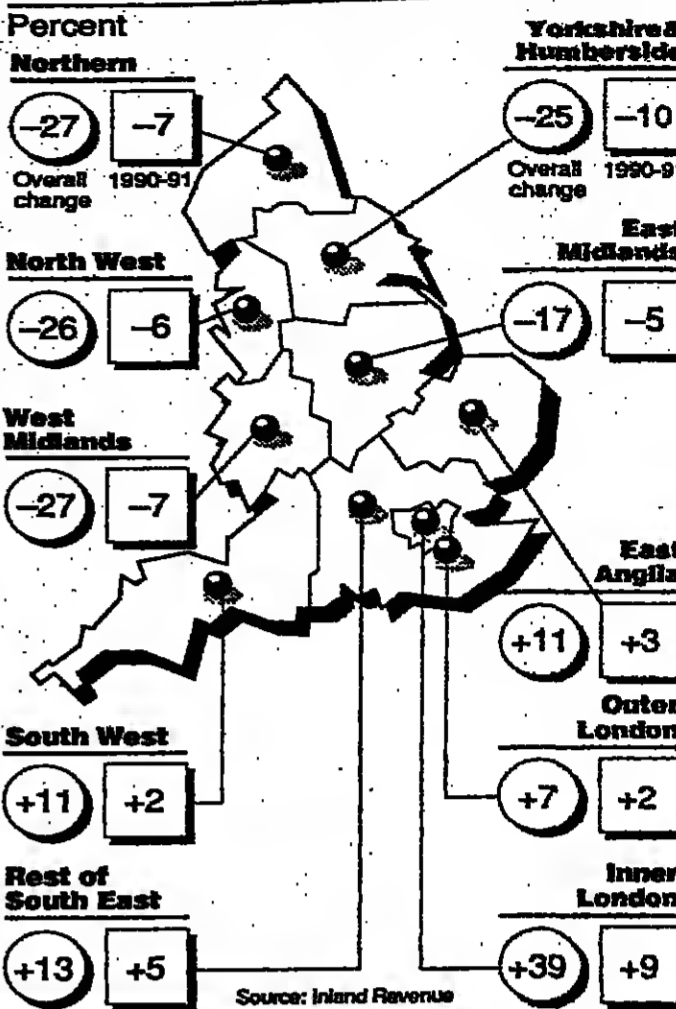
valuation lists on which the uniform business rate will be based have not yet been published.

When they are, the revaluation will inevitably throw up a large number of appeals against the assessments made by the Inland Revenue of the rateable values of individual properties. But this process will run into a further revaluation.

The Government has made clear that revaluations should take place every five years, that the distortions which arise from waiting 15 years for a revaluation should be avoided in the future.

But this means that the next revaluation will be taking place before the transitional period starting in 1990 will have been completed.

## Rates Bill changes in England



## A relatively trouble-free ride for the business rate

The Government has had a far easier ride on the introduction of the uniform business rate than it has on the poll tax.

The latest changes to its plans will be given effect through amendments to the Local Government and Housing Bill, now in the Lords, and the rate poundage itself will be set towards the end of the year.

It all looks relatively simple. But critics of the Government's approach, although welcoming the new concessions for small businesses, have by no means been disarmed. Pressure on Mr Patten will come from both inside and outside Parliament for, as a minimum, extension of the transitional relief.

The Confederation of British

Industry, starting from the point that it wants less tax on the business community anyway, is maintaining its demand that the uniform business rate should not be set in reference to 1989-90 but to an earlier year. It should be lower.

The National Federation of Self Employed and Small Businesses, with the change in the small business definition under its belt, is not happy with the ceiling over the increases in a rates bill and wants its lowered to 10 per cent a year, plus inflation, and compounded. It believes that the restrictions on the change in premises will encourage businesses to sit

tight.

Certainly the Government's freedom of manoeuvre is restricted by its determination to hold the return from the uniform business rate at the same level as the 1989-90 rate. It cannot appease the north by granting immediate relief or placate the south by extending the transitional period.

It is easy to extend the argument of relief from new tax

out of the domestic sector, where the principle has been accepted, into the business sector.

In Scotland, where the uniform business rate has already been imposed, the Government is spending £67m to help lower the rate on business in order to erode the difference between English and Scottish business rates. It is doing this by increasing the Exchequer

grant for 1990-91 to local authorities.

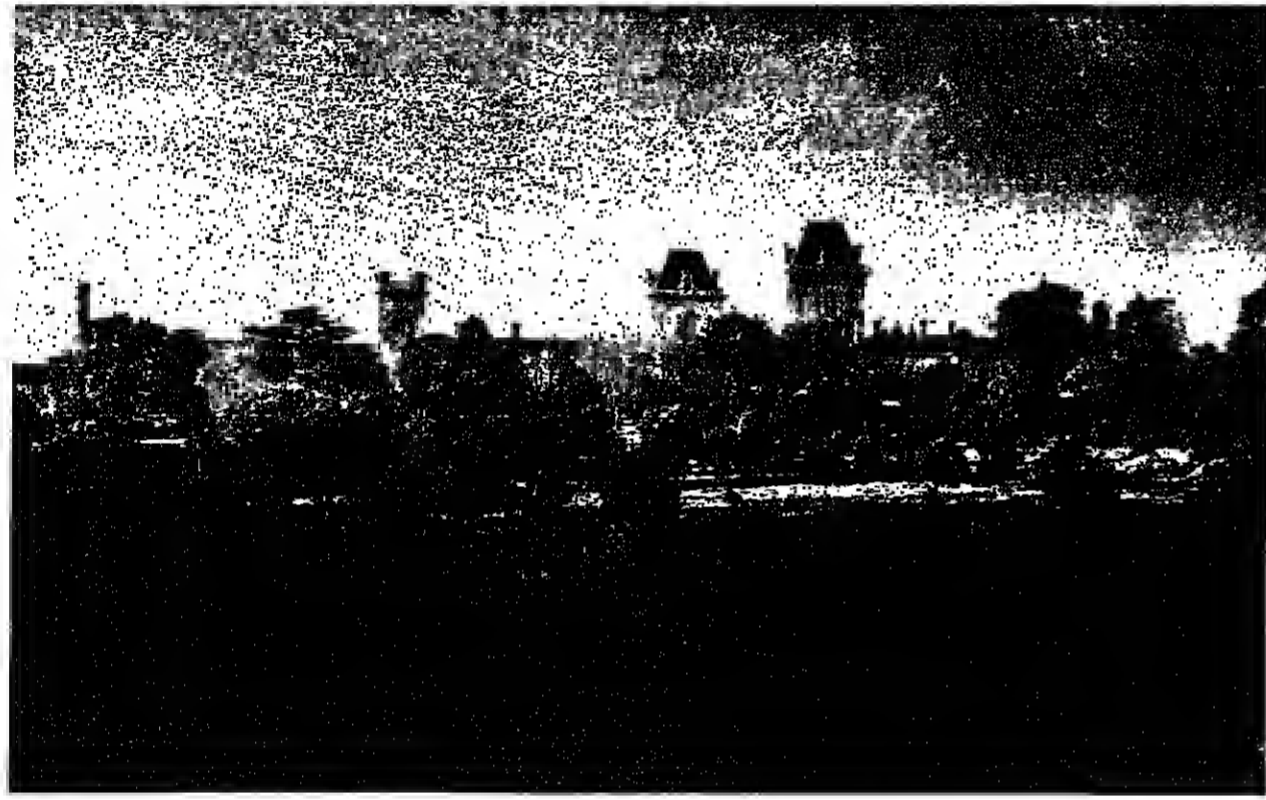
So the stand on returns from the uniform business rate in England and Wales looks to be based more on convenience than principle. The distinction is one that critics of the Government will exploit over the coming months.

In any case, the Government is probably running into an administrative morass. The

	Rental value growth (%)			
	Retail	Office	Industrial	All Property
Year to Dec 88	19.9	27.8	22.2	23.9
Year to May 89	16.8	22.4	25.1	20.4
Monthly rate - May 89	2.0	1.5	2.0	1.9

Source: Investment Property Database

## INTERNATIONAL PROPERTY



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INTERNATIONAL COMPANIES AND FINANCE

## Foreign subsidiaries boost Deutsche Bank's result

By Haig Simonian in Frankfurt

DEUTSCHE BANK, West Germany's biggest bank, yesterday announced partial operating profits of DM1.87bn (\$1bn) in the first six months of the year. The result was boosted partly by the first-time consolidation of two foreign subsidiaries, Banco Comercial Transatlantico and Albert de Bary, the Spanish and Dutch banks in which Deutsche Bank gained full control in April and December respectively. A direct comparison with Deutsche Bank's interim earnings in the equivalent period last year is not possible, as this is the first time the bank has published a figure for interim partial operating profits at group level, rather than just a percentage rate of change.

However, the bank said its partial operating earnings had risen by 20.5 per cent against one half of last year's results. Full operating profits, which include gains from trading on the bank's own account, are still not revealed. But the bank, headed by Mr Alfred Herrhausen, chief executive, said they had risen by 20 per cent at group level compared with one half of 1988. Closer comparison of the results is easier at parent bank level, where partial operating profits soared by 42 per cent to DM1.26bn against the first six months of last year. Parent bank interest income rose by 10.5 per cent to DM2.57bn, while fee income rose by almost 16 per cent to DM1.04bn. The bank also revealed first-time group figures for interest and fee income, which stood at DM3.72bn and DM1.37bn respectively. Group total assets amounted to DM334.1bn. The results, which round off this year's interim reports from Germany's big three banks, reflect the continued buoyancy in the domestic economy, which has seen strong credit demand more than compensate for continuing pressure on banks' lending margins. Credit demand rose by DM3.7bn to DM131.8bn at parent bank level. Deutsche Bank said the reduction in interest margins had now been stabilised following a further decline early in the year. Meanwhile, fee income had risen sharply due



Mr Alfred Herrhausen

to the strong upturn in the German equity market. But it is on the cost side that the bank has made its biggest improvement. Salaries and wages at the parent bank rose by just DM10m in the first six months of this year to DM1.22bn.

## Ammax raises Falconbridge stakes

David Owen on a new combatant eyeing the Canadian mining group

Mr Bill James must have had a spring in his step on Wednesday morning when he walked into the office of Mr Alf Powis, chairman of Noranda, the Canadian natural resources group. The two men are former colleagues and old friends — to the extent that Mr Powis recently regaled Mr James — chairman of Falconbridge, the diversified Canadian mining group — with a lawn-full of plastic flamingos on his 60th birthday. None the less, the crazy Mr James has been fighting tooth and nail to elude the clutches of the Bronfman-controlled Noranda since last summer, when Mr Powis ordered his brokers to start accumulating

**"This is not a poison-pill, it is a vitamin pill. Any company can bid that will bid for all the stock."**  
Mr Bill James

Falconbridge stock. To date they have snapped up about 24 per cent of the company.

And when the two men met this week Mr James was able to inform his counterpart at Noranda that he intended to sell Falconbridge to US-based Ammax, the big resources group, for C\$36% a share, or C\$2.8bn (US\$2.4bn). The Ammax bid and its accompanying shareholder rights plan have dramatically raised the stakes in the year-old tussle for control of Falconbridge, Canada's fourth-largest mining group and the western world's second-largest nickel producer, accounting for 14 per cent of western world supplies. Last year's buy-order from Mr Powis followed hard on the heels of Falconbridge's attainment of full independence through the C\$94m purchase of a 25 per cent block of its own shares from Placer Dome, the large Canadian gold producer. Until this week's developments, Falconbridge had seemed inexorably to be slipping into the Bronfman family web via a "creeping takeover" whereby Noranda would grad-

ually assemble a controlling block on the open market. Clearly not all shareholders would benefit to the same degree from such an approach; hence Mr James' undisturbed opposition. Now Mr Powis must decide whether to cash his chips, at a substantial profit of about C\$220m, or to come out fighting. Should he plump for the latter course, the dilutive provisions enshrined in the rights plan mean he must bid for the whole company. "This is not a poison-pill, it is a vitamin pill," claims Mr James with characteristic aplomb. "Any company can bid that will bid for all the stock. What we don't want to see is a creeping takeover." In favour of a Noranda offer is the comparatively low price it paid for its existing Falconbridge stake. This means the company can outbid Ammax for the shares not already in its own hands, without necessarily outspending it in overall terms. Against it is the view of several analysts that Ammax's offer is "generous." Mr Rick Cohen, a Toronto analyst with BBN James Capel, says: "The best valuation we had on Falconbridge was C\$20 a share." On the other hand, some London analysts believe the bid may be on the cheap side.

As it closed on Wednesday night, the Toronto market did indeed appear to be anticipating a counter-bid. Falconbridge shares finished up C\$6% at C\$36% — a premium of 50 cents to the Ammax offer. In New York, however, Ammax closed unchanged at US\$25%, recovering from losses sustained earlier in the day.

Mr Powis is holding his cards very close to his chest. "We either laugh all the way to the bank or we compete. I couldn't tell you which of these we will decide to do." The group's legal counsel, meanwhile, is examining the details of the Falconbridge "vitamin pill." "We might challenge the rights plan," Mr Powis says. "I don't rule out anything at this stage." Whoever emerges victorious, the eventual takeover of Falconbridge will continue a global trend towards consolidation in the mining sector. Companies flush with the proceeds of two years of generally buoyant commodity prices are looking for targets and jockeying for position. All three companies in the current imbroglio are performing impressively again after years in the doldrums in the early to mid-1980s. Ammax, for example, made net profits of US\$225.1m in the first half of 1989 on sales of \$2.06bn. In the same period, Falconbridge's net income doubled to C\$259m on revenues of C\$1.3bn. The arrival of Ammax to frustrate Noranda's typically paranoiac original takeover strategy was, none the less, surprising to many. Earlier in the decade, after all, the Connecticut-based company had extracted itself from nickel and zinc — another Falconbridge staple — as part of a much-needed restructuring programme. The strategic fit between Ammax's remaining core businesses — aluminium, coal, gold and molybdenum — and Falconbridge's strongholds of nickel, copper and zinc is far from obvious. Aluminium, of which Ammax is the third-largest integrated producer in the US, accounted for 65 per cent of its first-half sales, with coal contributing a further 14 per cent. For Falconbridge in 1988, nickel and ferro-nickel were the dominant revenue sources, at 49 per cent of sales. Indeed, synergies between Noranda's extensive base metals holdings and Falconbridge's much-coveted Kidd Creek copper-zinc-silver mine-body near Timmins in northern Ontario are more readily apparent. Noranda's need for fresh copper and zinc reserves to replenish its own depleted deposits is well-known. Falconbridge acquired the mine from under Noranda's nose in 1985 as a means to reduce its dependence on the volatile nickel market. Ammax explains its apparent U-turn in terms of quality of assets. The company says: "We didn't have what we regarded as quality positions at the time. Mining and metals today is a worldwide business. If you cannot be in the lowest quartile in production costs, you had better get out." Evidently, with Falconbridge's Kidd Creek operation

## Buoyant chemicals side bolsters Akzo

By Laura Raun in Amsterdam

AKZO, the Dutch chemicals and fibres group, boosted its profits in the second quarter of 1989 with an across the board improvement fuelled by the buoyant chemicals industry. Net income climbed 12 per cent to Fl 270.6m (\$130m) from Fl 242.4m a year earlier while per-share earnings rose 10 per cent to Fl 6.63 from Fl 6.02. Mr Syb Bergsma, board member in charge of finances, described the quarterly results yesterday as "excellent" and repeated that full-year earnings were expected to "significantly exceed" those of 1988. He forecast that Akzo would suffer relatively little if bulk

chemicals weakened, as the Dutch company was less reliant on that sector than some competitors. Commenting on the long-term forecast of a decline in the chemicals industry, Mr Bergsma said: "We see no sign of a downturn, at least in the short term. "If it occurs we are reckoning on a slowdown in growth rather than a downturn." All product sectors reported higher operating income except for fibres and polymers, where margins were under pressure. Chemical products and coatings performed particularly well.

Operating income in chemical products rose 11 per cent to Fl 178m in spite of idle time for maintenance and weaker sales of vinyl chloride monomer in the Far East. Specialty chemicals continued to grow satisfactorily and Mr Bergsma noted Akzo's recent purchase of an exclusive licence for a process developed by the US Library of Congress for the conservation of books. Revenue rose 15 per cent to Fl 4.79bn in the quarter from Fl 4.1bn in the year-earlier period. Financing charges surged 24 per cent due to expenditures on property, plant, equipment and acquisitions.

In the first half, net income increased 14 per cent to Fl 498m from Fl 436.3m while per-share profits advanced 12.5 per cent to Fl 12.20 from Fl 10.84. The operating margin improved to 9.4 per cent in the first six months from 9.2 per cent a year earlier. Turnover grew 14 per cent to Fl 9.29bn from Fl 8.16bn in the half year. Of that, higher selling prices accounted for 5 per cent, acquisitions for 4 per cent, currency translations for 3 per cent and sales volume for 2 per cent.

## Linotype's first-half profits climb 27% to DM31m

By Haig Simonian

NET PROFITS at Linotype, the West German printing electronics group, rose 27 per cent to DM31m (\$16.8m) in the first half of this year, confirming the company's strong growth trend since being floated in October 1987. Group sales increased by 22 per cent to DM339.1m, twice the rate of growth posted in the same period last year. Prospects for the year as a

whole remained "positive," the company said, although it was possible that present high growth rates would not be fully maintained for the rest of the year. Group net profits exceeded DM50m in 1988. Mr Wolfgang Kummer, chief executive, said it had considered bidding for Crosfield, the UK printing technology company which is now subject to a takeover bid from Du Pont and

Fuji Photo Film. However, although Crosfield would have fit in with Linotype's activities, the current sale price was "very high." Mr Kummer confirmed Linotype's continuing interest in possible acquisitions to further its expansion, but said it was not interested in Monotype, the UK printing technology company now thought to be for sale. Buying Monotype would

not be suitable technologically and could run up against monopoly constraints. Nevertheless, Linotype was continually looking at acquisition prospects, although there was "nothing in the pipeline." New orders for the group rose by almost 12 per cent to DM364m in the first six months of this year. The share of foreign business continued to rise.

AMMAX AND FALCONBRIDGE COMPARED			
(Divisional profits (loss) in the first half of 1989)			
	Ammax	US\$m	Falconbridge
Aluminium	280		Integrated nickel
Gold	22		Kidd Creek (copper-zinc)
Molybdenum	16		Total
Other metals	9		Corporate
Coal	41		Income and mining taxes
Oil and gas	5		Falconbridge Dominicana (nickel)
Corporate	(27)		Falconbridge Gold
Equity affiliates	(1)		Industriam (industrial minerals)
			C\$m
			162.5
			188.8
			352.2
			(72.2)
			(85.9)
			87.3
			8.18
			3.05

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INTERNATIONAL COMPANIES AND FINANCE

TV retailer to appeal GTE verdict

By Anatole Kaletsky in New York

HOME Shopping Network, the world's leading "shop-by-television" retailer, said yesterday it would appeal against a Florida jury's decision that it must pay \$100m in libel damages to GTE Corporation, the big Connecticut-based telecommunications company.

originally brought not by GTE but by HSN itself. Shortly after its stock price began declining abruptly in early 1987, HSN filed a lawsuit against GTE, which was its main telephone equipment supplier. The HSN suit blamed GTE for a sharp decline in HSN revenues. HSN said it had lost \$500m in profits as a result of failures in its GTE telephone equipment, which had resulted in up to 26,000 potential shoppers an hour being turned away by engaged signals.

HSN asked for punitive damages of \$1bn, and some stock market speculators had hoped that a large award in its favour would help to revive its flagging commercial fortunes. However, HSN went beyond a mere lawsuit, issuing a press release on April 1987, which made further detailed accusations against GTE, its services and equipment. These public criticisms gave GTE the basis for a counter-suit, claiming damages for defamation. GTE said that HSN's profits had plunged because of mismanagement, poor service and consumer dissatisfaction with the quality of its merchandise.

The Florida jury essentially supported GTE's position, awarding \$20m in damages against HSN itself and \$40m each against its chairman and president. HSN said in a statement that the jury's decision had been based on misdirections by the judge in the case and on the court's refusal to admit evidence which was vital to HSN's position. The company said it would appeal against the decision and would seek to pursue its fraud allegations against GTE in a new trial.

Paul family divides up India's Apeejay

By David Housego in New Delhi

APEEJAY, an Indian group with interests in steel, pharmaceuticals, shipping and tea, has joined the ranks of companies controlled by Indian families who have decided to divide up both assets and management control. But unlike other recent family splits in India, members of the Paul family which control Apeejay insist that this one is amicable. It results from the absence of a male heir to Mr Strya Paul, the eldest son, and from the recent jolt to the family caused by the death in a car accident of one of the two sons of Mr Surrendra Paul, the youngest brother.

Tokyo tightens rules on anti-takeover tactics

By Stefan Wagstyl in Tokyo

THE JAPANESE Ministry of Finance is tightening rules on share issues to block any repeat of a controversial anti-takeover tactic attempted last month by two supermarket chains. The move could make it slightly easier to mount hostile bids in Japan, but the barriers remain formidable. The ministry will from next Tuesday bar companies from issuing shares for allotment to third parties at a price more than 10 per cent below the market value. The market value will be based on the average price for the previous six months.

SHUWA, in addition to its stake-building among Japanese supermarket chains, yesterday declared a 15 per cent holding in Matsuzakaya, a leading department store group. Our Financial Staff writes. Mr Shigeru Kobayashi, president of the privately owned Shuwa, was known to have been amassing a stake. He told the local Kyodo news service

he would soon take the necessary procedures as the top shareholder. "I have a personal attachment to Matsuzakaya with which my father had a long business relationship," he was quoted as saying. The Nagoya-based Matsuzakaya was previously under the control of the Ito family, whose shareholding is now minimal. It ranks fifth in its sector by sales.

Finance side keeps Brascan profits rising

By Robert Gibbins in Montreal

BRASCAN, the main holding company of Mr Peter and Edward Bronfman, of Toronto, says strength in financial services and some consumer products units offset declines in the resource sector in the second quarter and first half. First-half net profit was C\$145.1m (US\$123.4m) or C\$1.51 a share, up 16 per cent from C\$125.3m or C\$1.50 a year earlier, on revenues of C\$4.7bn, against \$4.2bn.

Air Canada ahead at mid-term

By David Owen in Toronto

AIR CANADA, the recently privatised Canadian airline, has reported a sharp downturn in second-quarter profits due to a reduction in asset disposal gains and lower investment earnings. At the six-month level, however, net income soared by fully 62 per cent. Overall, the airline expressed itself "pleased" with its performance. In all, second-quarter net income tumbled by 29 per cent to C\$33m (US\$28m) or 43 cents a share, from C\$46m or C\$1.07 a year earlier. Per share figures reflect a substantial expansion in the company's

equity base in the intervening period. Revenues rose by 9 per cent to C\$931m from C\$851m. In the six months ended June 30, earnings reached C\$21m or 28 cents a share on revenues of C\$1.76bn. This compared with C\$13m or 21 cents on revenues of C\$1.66 bn a year ago. Operating profit over the same period almost doubled to C\$34m. The reduction in investment income was attributed to a change in accounting methods. The change relates to the handling of Ireland's GPA Group, the aircraft leasing company in which Air Canada holds a sizeable minority stake.

The Government last month sold its remaining 57 per cent stake in the company for C\$12 a share or about C\$490m, taking the airline fully into private hands. First-quarter earnings at CAE Industries, the Canadian manufacturer of flight simulators and other electronic equipment, surged more than 80 per cent. Net income rose to C\$9.9m or 13 cents a share from C\$6.45m or 7 cents in the corresponding 1988 period. Revenues, buoyed by the acquisition of four US companies, more than tripled to C\$268.9m, from C\$85.1m in 1988.

Trans-Natal back in the black and resumes payout

By Jim Jones in Johannesburg

TRANS-NATAL, South Africa's second largest coal company, returned to after-tax profits in the year to June despite a drop in sales tonnage. At home, sales were reduced as Eskom, the state electricity utility, closed older power stations, while exports were affected by Japanese restrictions on imports of South African coal. Total sales dropped to 30.2m tonnes from 33.8m tonnes but higher prices and favourable exchange rate movements allowed turnover to increase to R1.07bn (\$408.3m) from R870m. Pre-tax profits were R71.4m against just R1.3m, and net earnings were 76.4 cents per capital unit against a deficit of 4.2 cents. Dividends have been resumed with a payment of 30 cents. Mr Brian Gilbertson, the chairman, said exports to Japan remain affected by an official freeze on the value of South African imports. As a result, sales volumes to the country were cut by about 10 per cent from some 2m tonnes the previous year. Develop-

ment of alternative Asian markets lifted total exports to 7.9m tonnes from 7.4m tonnes. Exports are expected to rise again this year but the domestic market is unlikely to improve while Eskom keeps power stations in mothballs. Trans-Natal is controlled by Gencor, the country's second largest mining group. Highveld Steel & Vanadium, a steel and ferro-alloys maker, quadrupled first-half earnings as demand and prices of all of its products strengthened at home and abroad. Prices of vanadium and ferro-silicon have weakened since June but the directors believe second-half earnings will match those of the first. Turnover increased to R777m from R498m and the interim pre-tax profit was R303.5m against R50m. Net earnings rose to 237.2 cents a share from 61 cents (of which 20 cents is a special payout) against 14 cents. Last year's full earnings were 170.6 cents and the dividend totalled 57 cents.

Saudi Basic Industries surges 216%

By Finn Barre in Riyadh

SAUDI BASIC Industries Corporation (Sabic), the kingdom's petrochemical giant, showed a 216.5 per cent increase in net income for last year to reach SR3.68bn (\$881.3m). It also announced the completion of the last of 15 bid petrochemical projects and is giving shareholders a 35 per cent return on the face value of their equity for the year. Sabic, which has formed joint ventures with foreign companies to build its steel, petrochemical, plastics and fertiliser plants, is paying a 10 per cent dividend on the SR100 par value shares. Also, because shareholders had paid only half the capital, Sabic is putting up an amount equal to 25 per cent of the stock value. Cost of the distribution totals some SR500m. Sabic is 70 per cent government owned, with the remainder held by Saudi and Gulf Cooperation Council citizens. Revenues soared 66.5 per cent to SR9.32bn. Total assets rose 14.2 per cent to SR26.96bn.

Texaco and Exxon to fight tax

By James Buchan in New York

TEXACO AND Exxon, the giant US oil companies, are to go to court to fight demands from federal tax authorities for some \$2bn in back taxes and interest. The claims mostly cover profits they allegedly made from trading cheap Saudi Arabian crude oil at the beginning of the 1980s. Two other oil companies involved with Saudi Arabia, Mobil and Chevron, said they were still under audit by the Internal Revenue Service but believed the IRS case over the Saudi oil to be without merit.

The four companies used to be partners in the Arabian American Oil Company, the venture that produces and sells the bulk of Saudi oil. The IRS case primarily concerns the so-called "Aramco Advantage" from 1979 to 1981, when Saudi Arabia sold its oil below prevailing prices in an effort to stabilise a turbulent market. During this period, the four Aramco companies bought Saudi crude oil at discounts of up to \$6 a barrel and sold it to their refining affiliates in Europe, which then booked

handsome profits from selling refined products. The IRS wants to tax the companies as if they sold the crude oil at market prices and booked the profit themselves. Texaco said that the tax authorities were demanding \$650m in back taxes on the Saudi transactions in 1979, 1980 and 1981 and \$925m in interest. Exxon said it had received a claim for \$269m covering 1979 alone and had already filed a challenge in the tax court. Texaco said it would file suit within 90 days.

Much, much more than just one of the "Big Four"



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We also have some of the world's most advanced Investment Technology (IT). Our Japan Index Strategy, the first to apply a quantitative approach to the Japanese equities market, is one of just a few methods available that can closely track the performance of the Tokyo Stock Price Index, which grew at a remarkable rate of 36.6% during 1988. Nikko Securities' IT-based products meanwhile took first, second, fourth, and fifth places for performance among all investment trusts in Japan that year\* helping to swell our IT-related assets to over US \$28 billion in just three years.

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Isn't it time you took a closer look at us? \*Source: Nikko Money



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\*As at 31.12.88.



UK COMPANY NEWS

Foreign holdings in R-R and BAe can rise

By John Thornhill

FOREIGN INVESTORS will be allowed to increase their shareholdings in Rolls-Royce and British Aerospace up to 29.5 per cent, the Department of Trade and Industry announced yesterday.

The two privatised companies will ask shareholders to approve the necessary changes to their articles of association, which at present restrict foreign shareholdings to a maximum of 15 per cent of the companies' equity.

In the meantime, the 15 per cent limits will remain in force. The European Commission had pressed for the removal of the limits altogether, claiming they contravened EC law on the equal treatment of all European investors.

The Government countered that a limit was justified under Article 223 of the Treaty of Rome, which allows govern-

Questions still remain

Nikki Tait on the Panel's Low/Budgens report

A CATALOGUE of misfortunes is how Mr James Miller, William Low's chief executive, sums up the group's unhappy abortive bid for Budgens, its fellow food retailer.

That seems an understatement. The inquiry by the Takeover Panel into Low's decision not to proceed with its £198m offer last May, was made public yesterday and S. G. Warburg, arguably the City's leading investment bank, was given full responsibility for a breach of rule 3 of the Takeover Code.

This is the principle, said by the Panel in its report to be of great importance, which requires a bidder only to announce an offer after "the most careful and responsible consideration".

City & Westminster takes 15% stake in Parrish

By Philip Coggan

SHARES IN Parrish, the private client stockbroker jumped 12p to 67p yesterday after it was revealed that City & Westminster Group, the former A&M, had acquired a 15 per cent stake for around \$628,000.

losses in the year to January. Mr Andrew Greystoke, chairman and chief executive of City & Westminster said that he could not rule out buying further shares but a full bid for Parrish was "unlikely".

The board of Parrish indicated it was "comfortable" with City & Westminster as a shareholder. City & Westminster reversed into A&M, a theatrical furniture rental company, last month and plans to build up a financial services group.

Eagle unit's debt details

By Richard Tomkins and John Riddling

DETAILS emerged yesterday of the debts relating to Eagle Express, the parcels distribution subsidiary of Eagle Trust, which was put into liquidation last month.

The creditors confirmed Mr Tony Supperstone and Mr Peter Coy of accountants Stoy Hayward as liquidators. Mr Supperstone said: "Clearly we will have to carry out a substantial investigation into the company's affairs."

The purchase solves one problem for Parrish since the stake was formerly owned by Spedley Holdings, an Australian finance house now in the hands of liquidators.

The uncertain future of the stake was preventing Parrish from bringing forward a recapitalisation package, needed after the group incurred what are believed to be substantial

ness we could do together". Parrish said there was no commitment to appoint Mr Greystoke to the board but Mr Greystoke said it would be "nice" if he was appointed.

The figures were given to a meeting of Eagle Express's creditors which took place behind closed doors at a hotel in Coventry.

Eagle Trust meanwhile sought to clarify the situation concerning its holding in Owners Abroad, the tour operator.

"We've been looking for a broker" said Mr Greystoke "and we think there is a lot of business we could do together".

Meanwhile, Mr Giles Fitman, is to become chief executive of Summer International, the training and education group which has been revamped by City & Westminster.

Mr Pitman, who is the great grandson of the inventor of Pitman shorthand, was formerly finance director of Mr Andrew Lloyd Webber's Really Useful Group.

By far the biggest creditor is the parent company Eagle Trust which has £25.45m outstanding in unsecured loans. Other Eagle subsidiaries are shown as unsecured creditors with debts totalling £1.42m.

As there remains some dispute on the details the Panel's approach has been to use the Low/Warburg account in reaching its conclusions. It took the view that the resolution of such disagreements "would not have assisted in determining the central issue".

Mr Miller flew to London, saw his brokers and a negotiating meeting between the two sides was scheduled for April 19.

Mr Robin Hinkel, Low's adviser at Warburg, told the Panel that he asked for a Budgens balance sheet on April 18, and the request was repeated on April 19. However, no balance sheet was provided, and neither Low nor Warburg pressed for an explanation.

On April 17, Low confirmed that it wanted to proceed, and Mr Fletcher called in his advisers, Kleinwort Benson. Mr Miller flew to London, saw his brokers and a negotiating meeting between the two sides was scheduled for April 19.

Panel judgement some unanswered questions still remain. One of the areas not discussed in the report which had been a subject of speculation in the past because of the two groups' size and geographical.

Mr Miller suggested yesterday that a third party merchant bank first sounded Low out, and suspected that Budgens may have been behind this. Mr Fletcher declined to discuss this saying that he did not know whose notion it was first.

There is also some mystery as to why the deal, since it was friendly, was completed relatively quickly if there were unanswered questions. The report suggests that there were fears in the Low camp that the Budgens price was already moving, but a suspension of the shares could surely have dealt with that.

And there has been some speculation about what role, if any, the Isosceles-Gateway battle played in the background. Mr Fletcher had made a bid for Gateway a year earlier and was a friend of Mr David Smith, Isosceles' chief executive, while Low's adviser was also handling the Isosceles bid, launched on April 17. Warburg, however, dismissed any connection yesterday.

As for the repercussions, there was talk yesterday of lawyers being consulted. The unhappy saga, it seems, may not yet be finally laid to rest.

Sound start.

British Airways' pre-tax profits rise 18.5 per cent to £96 million in the three months to 30 June, 1989.

Revenues increase to £1,173 million, up 15.1 per cent. Earnings strengthen to 8.6 pence a share, from 7.4 pence a share.

Passenger traffic grows 9 per cent, and cargo up 8 per cent.

Super Shuttle relaunch announced.

Three new Rolls-Royce-powered Boeing 747-400s now in commercial service.

Plans to acquire 20 Canadair Regional Jets announced.

BRITISH AIRWAYS The world's favourite airline.

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AJ Worthington £1.98m purchase as profits slide

By John Riddling

AJ WORTHINGTON (Holdings), the textile manufacturer and importer, announced a sharp fall in profits and its first acquisition since a capital injection in March.

The capital injection, in the form of a rights issue, was backed by Mr Henry Schuldenfrei, who became deputy chairman. He said at the time that he intended to use Worthington as a vehicle for acquisitions.

The company is to buy Steinberger Holdings, supplier of buttons and trimmings to the clothing industry, for a total £1.98m in cash.

Worthington's own pre-tax profits for the year to March 30 fell from £268,000 to £102,378 on sales down from £4.25m to £3.85m. Earnings per share slipped from 4.5p to 2.7p. The dividend is maintained at 0.5p.

Intl Communication in talks

By Edward Suseman

International Communication & Data, a restructured Third Market company formerly known as Publishing Holdings, is in negotiations which could lead to the sale of a "substantial" part of the business.

ICD blamed these for its downturn in the last quarter of 1987. It finished the 1987-88 year with a loss of £560,000.

Last year it sold its publishing interests, including its financial newsletters and mag-

In December, ICD said pre-tax profits had dropped to £20,000 (£225,000) in the six months to August. Its shares gained 2p to 15p yesterday.

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date of payment, Corres dividend, Total for year, Total last year. Includes Abbey, BCE Holdings, Cowie (T), Midland Bank, Mid Wynd, P&P, Planning Reach, Radiant Metal, TI Group.

Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issues. †On capital increased by rights and/or acquisition issues. \$USM stock. \$JUnquoted stock. ‡Third market. \$Irish currency.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the amounts shown below are based mainly on last year's announcements.

Table with columns: Company, Date. Includes Interam, Freeman, Investment Trust of Guyana, P&P, Future Dates, Associated Engineering, Associated Nursing, Baxby (John), British Airways, British Telecom, British Water, British West.

NIPPON MEAT PACKERS, INC

The underlined amounts that at from 20 August 1989 at 22:00 hours in N.Y., Amsterdam and London. Bank S.A. Luxembourg in Luxembourg.

After 31.12.1989 the dividend will only be paid under deduction of 20% Japanese tax with emp. US\$ 5,851,258 (17.10 per CD, emp. emp. 100 and 1,000 sh. in accordance with the Japanese tax regulations.











LONDON STOCK EXCHANGE

Equities wrestle with Footsie 2,300

TAKEOVER developments and speculation again provided the main features yesterday in a London stock market still apparently uncertain about the deeper investment fundamentals.

One of the current question-marks in the marketplace was eliminated when GEC/Siemens apparently sealed the fate of Plessey, the electronics/defence group, with a new bid worth £2bn.

The FT Ordinary Share Index opened at a new peak of 1,929.3 but lost it well before closing at 1,924.0; this left the index still 0.8 points below this year's peak reached on Friday.

Market turnover was boosted late in the day by a host of substantial deals in Plessey stock as investors effectively capitulated to the 270p a share cash bid proffered by the GEC/Siemens group.

The London market's success in regaining the FT-SE 2,300 level yesterday was helped by Wall Street's steadiness in the face of another small dip in US economic indicators in June.

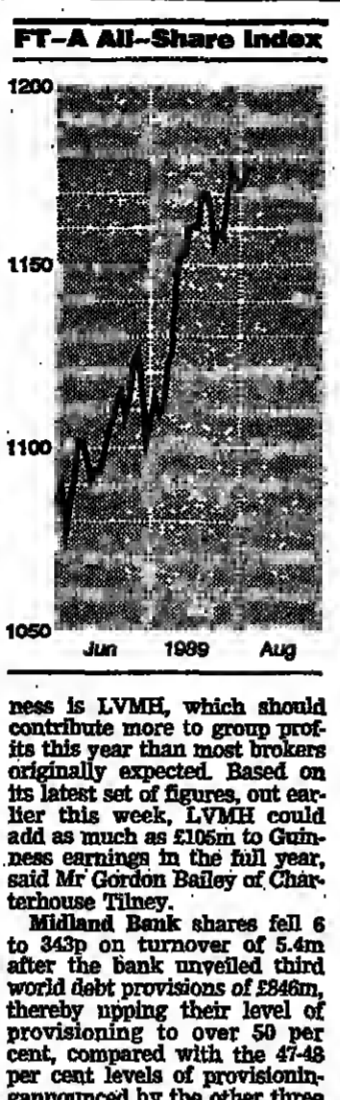
FINANCIAL TIMES STOCK INDICES table with columns for Government Bonds, Fixed Interest, Ordinary Shares, Gold Mines, FT-SE 100 Share, and various indices like SEAO Bargains, Equity Turnover, etc.

TRADING VOLUME IN MAJOR STOCKS table listing various stocks like Anglo-Norfolk, Biffaward, British Airways, etc., with columns for Volume, Price, and % Change.

British Airways slides

First quarter figures from British Airways contained no surprises, but some in the market saw the accompanying statement in which Lord King, the chairman, referred to a "small patch of turbulence" as a gentle warning of a trading slowdown.

every Plessey share (valuing Plessey at £2bn), during the early afternoon. They then instructed their joint brokers - BZW and Cazenove - to raise their stake in Plessey to 25.9 per cent, the maximum level permitted by the Take-over Panel.



has taken some of the steam out of the sector and is negative for Ferranti," says Mr Ross. He says Ferranti is experiencing "serious cash outflow problems" and reckons the EFA and zephonpa programmes are "swallowing cash."

The reasons for the recommendation was that the stock had underperformed the market by 13 per cent in three months. "But in turn was because US buyers have been prevented from buying the shares by the SEC. The block would be raised by the autumn, she said, when the company would be holding presentations to US investors.

Other market statistics, including FT-Acquirers Share Index and London Traded Options, Page 19

Plessey onslaught

"Game set and match to the GEC/Siemens alliance," was one leading broker's description of the latest developments in the long-running Plessey takeover saga, which saw the UK/West German alliance launch a renewed offer for the defence/electronics group and raid the market for Plessey shares.

Guinness wanted Brokers' recommendations, strong interest in the traded options, misplaced talk of buying by French partner LVMH, and a large short position in the market gave fresh impetus to Guinness.

But Ferranti, regarded by many as a likely beneficiary of funds switching from Plessey, fell 2 to 82p on turnover of 1.9m after Mr James Ross, of James Capel, forecast his current year profits dropped from £70m to £60m.

IRVANI v G & H MONTAGE GmbH Court of Appeal (Lord Justice Purchas, Lord Justice Mustill and Lord Justice Woolf): July 28 1998

A GUARANTEE in the form of an "aval" in respect of drawee's liability on bills of exchange drawn in a foreign country is, unlike an endorsement, not subject to English statutory requirements as to protest and notice of dishonour.

where such contract is made." Section 72(3) provided that where a bill drawn in one country was payable in another, the holder's duties were determined by the law of the place where... The bill is dishonoured.

New chief for Lombard North Central

Mr Brian Carte has been appointed chief executive of LOMBARD NORTH CENTRAL, National Westminster Bank's finance house subsidiary, on the retirement of Mr Byron Critchenden.

APPOINTMENTS

Mr John Jeffkins has been appointed managing director of NORTHWEST PROTECT SERVICES. He was technical director, and will continue as a director of Paterson Candy Holst.

THE RESPONSE GROUP

Mr Alexander Duma has been appointed a director of SMITH NEW COURT CORPORATE FINANCE. He was a managing director of Chase Investment Bank where he was head of the UK corporate finance department.

THE BRITISH AVIATION INSURANCE CO

Mr A.J. Besson from Royal Insurance; Mr J.G.T. Carter from Commercial Union; Mr E.G. Coward from Sun Alliance; and Mr J.G. Frangoulis from General Accident.

THE BANK ORGANISATION

Mr Hugh Cornance (above) as managing director of Bank Video Services from November 1. He is director of technical services for Bank in the UK and will join Video Services at the end of August as managing director designate.

THE BANK ORGANISATION

Mr Ronald Hunter, deputy director of Bank's property department, will become director of technical services for the UK at the end of August. Mr Nicholas Watkins, managing director of Bank Video Services, is leaving the company to take up an external appointment.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-425-2128

AUTHORISED UNIT TRUSTS

Main table containing unit trust names and prices, organized by sector: Authorised Unit Trusts, Global Asset Management, Global Fund Managers, Global Investment Managers, Global Life Unit Trusts, Global Property Unit Trusts, Global Real Estate Unit Trusts, Global Retail Unit Trusts, Global Service Unit Trusts, Global Special Interest Unit Trusts, Global Structured Unit Trusts, Global Tax Unit Trusts, Global Unit Trusts, Global Venture Capital Unit Trusts, Global World Unit Trusts.

GUIDE TO UNIT TRUST PRICING

GENERAL PRICING: This table shows the current price of each unit trust as at the time of printing. The prices are shown in pence per share. The price of each unit trust is determined by the value of the assets held by the trust, less its liabilities, divided by the number of units outstanding.

FT UNIT TRUST INFORMATION SERVICE

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Main table of unit trust information with columns for Unit Name, Price, Yield, and other financial metrics. Includes sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

INSURANCES

Detailed table of insurance products, including life insurance, general insurance, and investment-linked policies, with columns for policy name, price, and terms.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

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Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'OFFSHORE AND OVERSEAS' and 'GUERNSEY (ISB RECORDED)'.

OFFSHORE AND OVERSEAS

GUERNSEY (ISB RECORDED)

MANAGEMENT SERVICES

GUERNSEY (ISB RECORDED)

LUXEMBOURG (ISB RECORDED)

JERSEY (ISB RECORDED)

JERSEY (ISB RECORDED)

JERSEY (ISB RECORDED)

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FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts such as Citicorp CD Ltd, Liberty Fund, and others, with columns for Name, Price, and Yield.

Table of London Share Service, including sections for British Funds, Loans, Foreign Bonds & Rails, American Funds, Money Market Bank Accounts, and Money Market Trust Funds.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-927-2128

AMERICANS - Contd

Table listing American stocks with columns for Stock, Price, Bid, Offer, and P/E ratio.

CANADIANS

Table listing Canadian stocks with columns for Stock, Price, Bid, Offer, and P/E ratio.

BANKS, HP & LEASING

Table listing bank and leasing stocks with columns for Stock, Price, Bid, Offer, and P/E ratio.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for Stock, Price, Bid, Offer, and P/E ratio.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for Stock, Price, Bid, Offer, and P/E ratio.

BUILDING, TIMBER, ROADS - Contd

Table listing building, timber, and road stocks (continued) with columns for Stock, Price, Bid, Offer, and P/E ratio.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks with columns for Stock, Price, Bid, Offer, and P/E ratio.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for Stock, Price, Bid, Offer, and P/E ratio.

DRAPERY AND STORES

Table listing drapery and store stocks (continued) with columns for Stock, Price, Bid, Offer, and P/E ratio.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks (continued) with columns for Stock, Price, Bid, Offer, and P/E ratio.

DRAPERY AND STORES - Contd

Table listing drapery and store stocks (continued) with columns for Stock, Price, Bid, Offer, and P/E ratio.

ELECTRICALS

Table listing electrical stocks with columns for Stock, Price, Bid, Offer, and P/E ratio.

FOOD, GROCERIES, ETC

Table listing food, grocery, and other stocks with columns for Stock, Price, Bid, Offer, and P/E ratio.

DRAPERY AND STORES

Table listing drapery and store stocks (continued) with columns for Stock, Price, Bid, Offer, and P/E ratio.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks (continued) with columns for Stock, Price, Bid, Offer, and P/E ratio.

ENGINEERING

Table listing engineering stocks with columns for Stock, Price, Bid, Offer, and P/E ratio.

FOOD, GROCERIES, ETC

Table listing food, grocery, and other stocks (continued) with columns for Stock, Price, Bid, Offer, and P/E ratio.

HOTELS AND CATERERS

Table listing hotel and catering stocks with columns for Stock, Price, Bid, Offer, and P/E ratio.

INDUSTRIALS (Miscel.)

Table listing miscellaneous industrial stocks with columns for Stock, Price, Bid, Offer, and P/E ratio.

INDUSTRIALS (Miscel.)

Table listing miscellaneous industrial stocks (continued) with columns for Stock, Price, Bid, Offer, and P/E ratio.

INDUSTRIALS (Miscel.) - Contd

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INDUSTRIALS (Miscel.) - Contd

Table listing miscellaneous industrial stocks (continued) with columns for Stock, Price, Bid, Offer, and P/E ratio.

INSURANCES

Table listing insurance stocks with columns for Stock, Price, Bid, Offer, and P/E ratio.

INSURANCES

Table listing insurance stocks (continued) with columns for Stock, Price, Bid, Offer, and P/E ratio.

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LONDON SHARE SERVICE

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LEISURE

Table of Leisure stocks including Leisure Group, Leisure Leisure, Leisure Leisure, etc.

PAPER, PRINTING, ADVERTISING - Contd

Table of Paper, Printing, Advertising stocks including Newsprint, Printing, Advertising, etc.

TEXTILES - Contd

Table of Textiles stocks including Textiles, Textiles, Textiles, etc.

TRUSTS, FINANCE, LAND - Contd

Table of Trusts, Finance, Land stocks including Trusts, Finance, Land, etc.

OIL AND GAS - Contd

Table of Oil and Gas stocks including Oil and Gas, Oil and Gas, Oil and Gas, etc.

MINES - Contd

Table of Mines stocks including Mines, Mines, Mines, etc.

MOTORS, AIRCRAFT TRADES

Table of Motors, Aircraft Trades stocks including Motors, Aircraft Trades, Motors, Aircraft Trades, etc.

PROPERTY

Table of Property stocks including Property, Property, Property, etc.

TOBACCO

Table of Tobacco stocks including Tobacco, Tobacco, Tobacco, etc.

TRANSPORT

Table of Transport stocks including Transport, Transport, Transport, etc.

OVERSEAS TRADERS

Table of Overseas Traders stocks including Overseas Traders, Overseas Traders, Overseas Traders, etc.

THIRD MARKET

Table of Third Market stocks including Third Market, Third Market, Third Market, etc.

Commercial Vehicles

Table of Commercial Vehicles stocks including Commercial Vehicles, Commercial Vehicles, Commercial Vehicles, etc.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, Land stocks including Trusts, Finance, Land, etc.

TOBACCO

Table of Tobacco stocks including Tobacco, Tobacco, Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, Land stocks including Trusts, Finance, Land, etc.

PLANTATIONS

Table of Plantations stocks including Plantations, Plantations, Plantations, etc.

MINES

Table of Mines stocks including Mines, Mines, Mines, etc.

Garages and Distributors

Table of Garages and Distributors stocks including Garages and Distributors, Garages and Distributors, Garages and Distributors, etc.

PROPERTY

Table of Property stocks including Property, Property, Property, etc.

TOBACCO

Table of Tobacco stocks including Tobacco, Tobacco, Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, Land stocks including Trusts, Finance, Land, etc.

PLANTATIONS

Table of Plantations stocks including Plantations, Plantations, Plantations, etc.

MINES

Table of Mines stocks including Mines, Mines, Mines, etc.

NEWSPAPERS, PUBLISHERS

Table of Newspapers, Publishers stocks including Newspapers, Publishers, Newspapers, Publishers, etc.

PROPERTY

Table of Property stocks including Property, Property, Property, etc.

TOBACCO

Table of Tobacco stocks including Tobacco, Tobacco, Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, Land stocks including Trusts, Finance, Land, etc.

PLANTATIONS

Table of Plantations stocks including Plantations, Plantations, Plantations, etc.

MINES

Table of Mines stocks including Mines, Mines, Mines, etc.

PAPER, PRINTING, ADVERTISING

Table of Paper, Printing, Advertising stocks including Paper, Printing, Advertising, Paper, Printing, Advertising, etc.

SHOES AND LEATHER

Table of Shoes and Leather stocks including Shoes and Leather, Shoes and Leather, Shoes and Leather, etc.

TEXTILES

Table of Textiles stocks including Textiles, Textiles, Textiles, etc.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, Land stocks including Trusts, Finance, Land, etc.

OIL AND GAS

Table of Oil and Gas stocks including Oil and Gas, Oil and Gas, Oil and Gas, etc.

MINES

Table of Mines stocks including Mines, Mines, Mines, etc.

SOUTH AFRICANS

Table of South Africans stocks including South Africans, South Africans, South Africans, etc.

TEXTILES

Table of Textiles stocks including Textiles, Textiles, Textiles, etc.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, Land stocks including Trusts, Finance, Land, etc.

OIL AND GAS

Table of Oil and Gas stocks including Oil and Gas, Oil and Gas, Oil and Gas, etc.

MINES

Table of Mines stocks including Mines, Mines, Mines, etc.

REGIONAL & IRISH STOCKS

Table of Regional & Irish Stocks including Regional & Irish Stocks, Regional & Irish Stocks, Regional & Irish Stocks, etc.

TRADITIONAL OPTIONS

Table of Traditional Options including Traditional Options, Traditional Options, Traditional Options, etc.

This service is available to every company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £305 per annum for each security.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Pound ends above day's lows

STERLING WEAKENED on the foreign exchanges yesterday with attention focused on the pound's value against the D-Mark. Nevertheless, traders noted that the British currency bounced off the day's low of DM3.0500 to close at DM3.0550, compared with DM3.0500 on Wednesday.

The Bank of England appeared to make no secret of the fact that it was buying the pound and this provided good underlying support for the currency. A dealer commented that the authorities have now made it abundantly clear that they are buyers of sterling if necessary and have no intention of contributing to any decline.

The dollar had fallen 2.05 cents to \$1.6430. It also declined to Y225.00 from Y226.50; to SF2.6400 from SF2.6475; and to FF10.3875 from FF10.4350. On the London foreign exchange, September short sterling opened at 86.32 and traded in a narrow range of 86.23 to 86.34, before closing slightly above the day's low of 86.29 compared with 86.38 previously.

FINANCIAL FUTURES

Short sterling loses ground

SHORT STERLING futures lost ground on Liffe yesterday, responding to a weakening of the pound on the foreign exchange. September short sterling opened at 86.32 and traded in a narrow range of 86.23 to 86.34, before closing slightly above the day's low of 86.29 compared with 86.38 previously.

This took the contract below a technical support level of 86.30 and was regarded in some quarters as a belated recognition of economic reality. The closing price still looks relatively expensive to cash, assuming there is no cut in bank base rates before delivery of the contract in mid-September.

US Treasury bonds continued to weaken, with September delivery closing at 99.27 against 100.02. A fall of 0.1 per cent in June US leading indicators was close enough to market expectations of a 0.2 per cent decline to have little impact.

€ IN NEW YORK

Table with columns: Aug 3, Latest, Previous. Rows: Spot, 1 month, 3 months, 6 months, 12 months.

STERLING INDEX

Table with columns: Aug 3, Previous. Rows: 8.30 am, 10.00 am, 11.00 am, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm.

CURRENCY RATES

Table with columns: Aug 3, Bank, Special Rights, Morgan Guaranty. Rows: Sterling, US Dollar, Canadian Dollar, etc.

CURRENCY MOVEMENTS

Table with columns: Aug 3, Bank of England, Morgan Guaranty. Rows: Sterling, US Dollar, etc.

OTHER CURRENCIES

Table with columns: Aug 3, E, S, DM, Yen, FF, S Fr, H Fl, Lira, C S, R Fr. Rows: Argentina, Brazil, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Unit, % change, % change, Overweight limit. Rows: Belgium, France, Germany, etc.

POUND SPOT-FORWARD AGAINST THE POUND

Table with columns: Aug 3, Day's spread, Close, One month, Three months, Six months, One year. Rows: US, Canada, etc.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table with columns: Aug 3, Day's spread, Close, One month, Three months, Six months, One year. Rows: UK, Canada, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: Aug 3, Short term, 7 days, 1 month, 3 months, 6 months, One year. Rows: Sterling, US Dollar, etc.

EXCHANGE CROSS RATES

Table with columns: Aug 3, E, S, DM, Yen, FF, S Fr, H Fl, Lira, C S, R Fr. Rows: £/\$, £/DM, etc.

FT LONDON INTERBANK FIXING

Table with columns: 11.00 a.m. Aug 3, 3 months US dollars, 6 months US dollars. Rows: Bid, Offer.

MONEY RATES

Table with columns: Aug 3, Overnight, 7 days, 1 month, 3 months, 6 months, One year. Rows: Interbank Offer, etc.

LONDON (LIFFE)

Table with columns: Aug 3, High, Low, Prev. Rows: Sep 90, Sep 91, etc.

CHICAGO

Table with columns: Aug 3, High, Low, Prev. Rows: Sep 90, Sep 91, etc.

BASE LENDING RATES

Table with columns: Bank, Rate. Rows: ABB Bank, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Bid, Offer, Last, Vol, Stock. Rows: Gold C, Gold F, etc.

LONDON MONEY RATES

Table with columns: Aug 3, Overnight, 7 days, 1 month, 3 months, 6 months, One year. Rows: Interbank Offer, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Bid, Offer, Last, Vol, Stock. Rows: Gold C, Gold F, etc.

ISTANBUL The Financial Times proposes to publish this survey on: 4th September 1989 For a full editorial synopsis and details of advertisement positions, please contact: Ciro Costante, Birlinc Levent Toren Sok. 14 Iskender Apt 1 80600 Istanbul Tel: (1) 1795350-1792648 Telex: 27265 CIRO TR Fax: (1) 164761 IST/TR or Chris Schaanning on 01-873 3428 or write to him at: Number One Southway Bridge London SE1 9HL FINANCIAL TIMES

GRANVILLE SPONSORED SECURITIES High Yield Company Price Change % P/E 340 245 Aus. Brt. Ind. Ordinary 340 0 10.3 30 9.2 38 28 Amalgamated Resources 37 0 2.1 55 9.0 39 25 BBA Design Group (USA) 2000 0 2.7 14 24.2 210 149 Barco Group (USA) 2000 0 2.9 4.2 8.4 124 105 Barco Group Co. Prv. (USA) 123 8 6.7 5.4 123 94 Bay Technology 95 0 11.0 10.3 110 110 Bremhill Dev. Prv 104 0 11.0 10.6 104 100 Bremhill 0% Wk. C.C.P. 104 0 14.7 5.1 3.6 305 285 CCL Group Ordinary 284 0 14.7 5.1 3.6 176 168 CCL Group 11% Conv Prv 116 0 7.6 3.3 12.6 215 160 Carlo PLC (USA) 110 0 10.3 9.4 110 109 Cash 7.5% Prv (USA) 6.33 0 0 0 5 4 Magnet GP Non-Voting A Com 4.25 0 0 0 130 119 NIS Group 129 0 0 0 145 38 Jackson Group (USA) 283 0 10.0 6.5 3 145 98 Robert Jenkin 145 0 18.7 4.0 12.4 467 493 Saxon 289 0 0 0 290 270 Tordax & Carlisle Co Prv 114 0 10.7 9.4 128 104 Unisoft Holdings (USA) 104 0 2.7 2.6 11.2 395 355 Veterinary Drug Co Ltd 390 0 22.0 5.6 9.4 370 327 W.S. Veal 340 0 12.2 4.8 28.3

I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD Tel: 01-828 7233/5699 An AFBS member Reuters Code: IGIN, IGI0 FT 50 FTSE 100 WALL STREET Aug. 1912/1921-12 Aug. 2656/2668 +2 Aug. 2292/2302 -17 Sep. 1912/1932 -12 Aug. 2666/2678 +2 Sep. 2305/2315 -17 Prices taken at 5pm and change is from previous close at 9pm

JOTTER PAD CROSSWORD No. 7,003 Set by MUTT

CROSSWORD No. 7,003 Set by MUTT 1 Cash difference? (6) 6 Upset tummy? - air it: it's a minor condition (11) 4 Quarters for six can appear much to be desired (8) 7 Music producer seen in suburban job-centre (5) 10 Falls back again with artist (7) 8 Infuriate general - almost hopping (6) 11 Study group remains unsure (7) 9 Women's quarters are to be gone round by the Queen (9) 12 Ragret investing 500 - that's rough (4) 14 When favourable it should be given support to start incurring debts (10) 13 What a heavy drinker needs, first to last, to become self-willed (10) 17 A little Greek donkey for a pound, plus postage (8) 15 False humourist spread about a name (6) 18 Man keeps broken toes secret (8) 16 Mean to have the girl in time (7) 19 Terribly stern air of one to whom effort doesn't come easily? (8) 20 Fatty taking a bath is nothing to look at, mostly (7) 22 The tradesman is sounding more coarse (6) 21 Trust a crooked man? (6) 23 Fatigued and drilled (5) 24 Khayyam's said for a song (10) 25 Many in a power lift get a fright (8) 26 One going to a distant land (4) 27 King in a box (4) 28 Preserve the same old city - sincerity (7) 29 Account for once clear (7) 30 Peak sands near must be back for landing to start fire (8) 31 Florida painting gets returned to dealer (6) FIGURE PUZZLE

WORLD STOCK MARKETS

Table with columns: Country, Stock Name, Price, Change. Includes Australia, Canada, and US Stocks.

Table with columns: Country, Stock Name, Price, Change. Includes France and Germany.

Table with columns: Country, Stock Name, Price, Change. Includes Italy and Japan.

Table with columns: Country, Stock Name, Price, Change. Includes Korea and Singapore.

Table with columns: Country, Stock Name, Price, Change. Includes Taiwan and Hong Kong.

Table with columns: Country, Stock Name, Price, Change. Includes South Africa and New Zealand.

CANADA

Large table of Canadian stock market data, including Toronto and Montreal markets, with columns for stock names, prices, and changes.

Table with columns: Country, Stock Name, Price, Change. Includes Australia and US Stocks.

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Table with columns: Country, Stock Name, Price, Change. Includes South Africa and New Zealand.

JAPAN

Table of Japanese stock market data, including Nikkei 225 and various company stocks.

FRANCE

Table of French stock market data, including CAC 40 and various company stocks.

GERMANY

Table of German stock market data, including DAX and various company stocks.

ITALY

Table of Italian stock market data, including FTSE MIB and various company stocks.

TAIWAN

Table of Taiwanese stock market data, including TSE 100 and various company stocks.

HONG KONG

Table of Hong Kong stock market data, including Hang Seng and various company stocks.

NEW YORK ACTIVE STOCKS

Table of active stocks in New York, including major indices and individual stocks.

TOKYO - Most Active Stocks

Table of most active stocks in Tokyo, including Nikkei 225 and individual stocks.

TRAVELLING ON BUSINESS IN THE U.S. AND CANADA?

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4pm prices August 3

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices for various companies, organized in columns with headers for stock symbols, prices, and other financial metrics.

Continued on Page 37

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for High, Low, Stock, Div, Yld, % Chg, and Close Prev. Includes a sub-section for 'Continued from Previous Page'.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for High, Low, Stock, Div, Yld, % Chg, and Close Prev.

OVER-THE-COUNTER

Nasdaq national market, 3pm prices August 3

Table of Over-the-Counter prices listing various stocks with columns for High, Low, Stock, Div, Yld, % Chg, and Close Prev. Includes a sub-section for 'Continued from Previous Page'.

Advertisement for 'It's attention to detail' with contact information for Financial Times.

AMERICA

Trade cautious before jobs figures

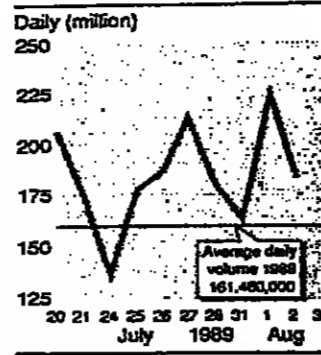
Wall Street
WITH attention on Wall Street firmly focused on today's release of July's unemployment data, yesterday's equity market was narrowly mixed in cautious trading...

points at 376.82
The NASDAQ Composite rose 2.85 to 456.93, an all-time high...

recouped some of its losses to trade up 8 1/4 at \$37. Shares in the company had fallen \$1 on Wednesday after a Florida court ordered the company to pay \$20m to GTE.

benefited from being added to the S&P 500 index. Warner Communications, ASA Limited and Ideal Basic Industries were removed from the S&P 500.

NYSE volume



less trading on the Toronto stock market which closed flat with the composite index up 0.5 at 3,981.0.

EUROPE

Rally by Fiat pushes Milan into higher gear

FIAT shares led a strong rise in Milan, but profit-takers were at work in many other bourses, writes our Markets Staff. MILAN rose to another high as strong interest in Fiat took over from initial fears that the large volume of call options on the car company's stock would be exercised...

County NatWest WoodMac notes that Italian unit trusts, in July, saw their lowest net outflow of funds for two years. Within that, equity funds have seen their first net inflow and this, he thinks, could be the turnaround.

trading, with Bayer, the most active issue, gaining DM9 to DM311, BASF up DM6.10 to DM297.40 and Hoechst adding DM3 to DM203.50. The analyst said that some buyers had spotted that the dividend yields of the big chemicals looked attractive compared with bond yields.

ended at 646.6 compared with the 640.7 last computed on Monday, partly due to Tuesday's holiday, and partly to technical problems. AMSTERDAM eased on profit-taking after a good start and Alkermid FI 1.0 of its early gains closed at FI 145.90, up 50 cents.

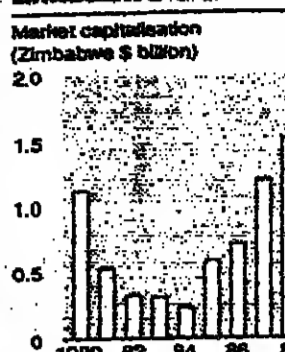
Zimbabwe's confidence survives issue surprise

But rising inflation may mean the bull market is running out of steam, writes Tony Hawkins

THE DISAPPOINTING partial subscription last month to the public offering in Tabex, a leading tobacco company, comes as Zimbabwe shares are enjoying a bull market.

reflecting the revaluation of assets and earnings in local currency terms as the Zimbabwe dollar depreciates. There is no simple measure of market liquidity, but the volume of funds seeking an investment home remains very large.

Zimbabwe S&P



are falling to revalue their assets in line with inflation in the capital goods market, which is far higher than retail price inflation; but more ominously it could mean that they are not renewing and updating their capital stock.

Institutional funds have grown as more people have joined pension schemes.

Equity and property investment is also encouraged by a policy of negative real interest rates.

Corporate pre-tax profits of 44 of the 48 listed industrial companies have trebled since 1984, reaching Z\$360m last year. However, results for this year so far show a marked slowdown in profit growth from 20 per cent in 1988 to only 4 per cent, suggesting the bull market could start to lose momentum.

The downside is that as inflation gathers momentum, the authorities will have to tighten their monetary stance. This, together with a long-promised trade liberalisation strategy and financial deregulation, could change the market situation radically.

ASIA PACIFIC

Profit-taking sets in as enthusiasm wanes

BUYING enthusiasm fizzled out as the market failed to provide investors with further incentives, and share prices retreated on a bout of profit-taking, writes Michiko Nakano in Tokyo. The Nikkei average suffered from selling by index funds towards midday and finished 119.53 lower at 34,779.81.

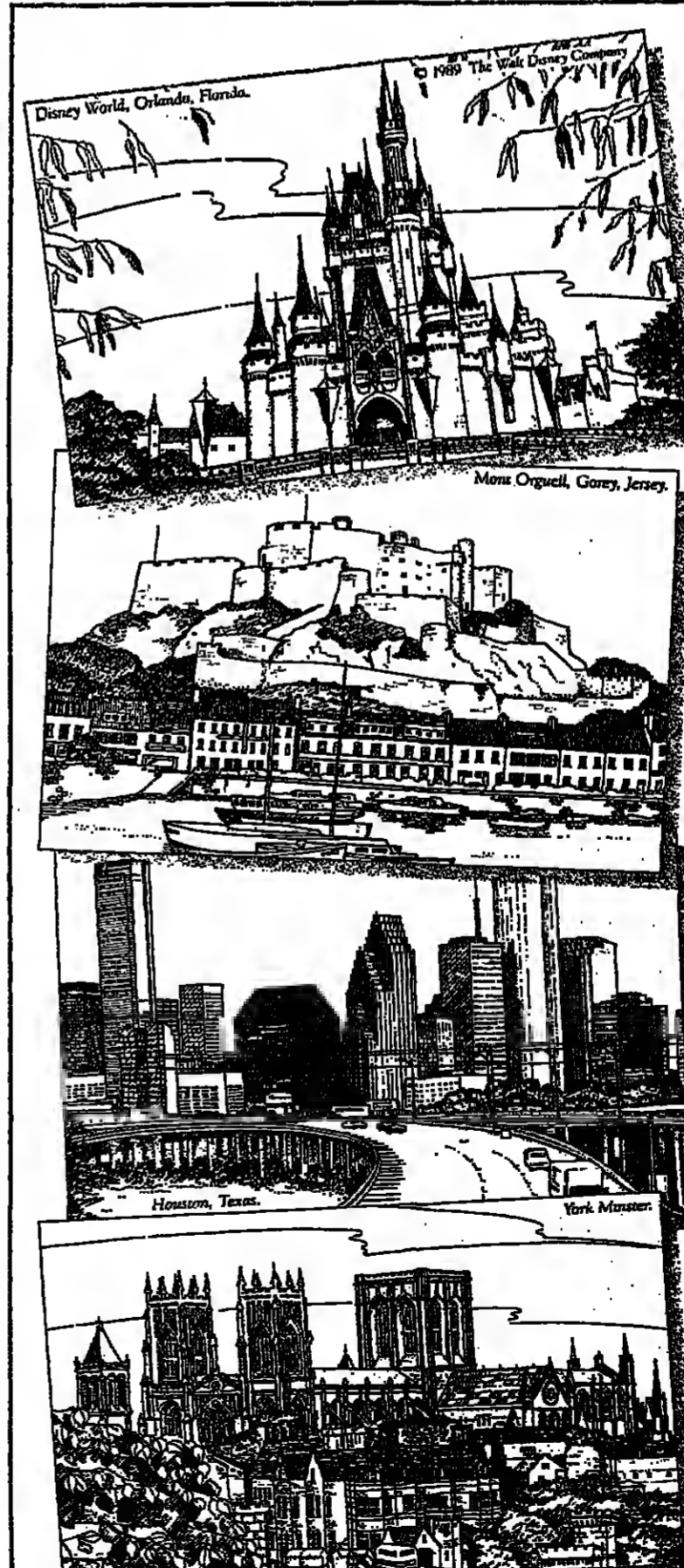
investors' funds still available, which should eventually find their way into the market. Profit-taking saw many issues which had made strong gains recently lose ground. Railway company Tokyu Corp, which had gained almost 20 per cent in the past two weeks...

cific incentives supported a 45.40 point gain in Oca that lifted the OSE average to 34,228.29. Volume fell to 51m shares from 71m. Nintendo surged Y900 to Y13,700 on the strength of strong sales of television video games.

mining and resource issues sharply higher before a late bout of profit-taking. The All Ordinaries index closed 19.7 points higher at 1,664.6 against a previous post-crash high of 1,657.1 on August 9, 1988.

SOUTH AFRICA

FOREIGN investors helped push Johannesburg higher, although profit-taking trimmed gains. Gold and platinum issues were strong.



There's a new name in some familiar places.

From Orlando to York, Jersey to Houston, there's a new name appearing on the landscape. Buckingham International PLC (formerly Leisuretime International PLC). The new name reflects just one of the changes taking place in realising the present management's objectives.



BUCKINGHAM INTERNATIONAL PLC
7 Old Park Lane, London W1Y 3LJ, Telephone: 01-493 7831

FT-ACTUARIES WORLD INDICES

Table with columns for National and Regional Markets, Thursday August 3 1989, Wednesday August 2 1989, and Dollar Index. It lists various countries and their stock indices along with daily and weekly changes.

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